FBIS DAILY REPORT

CONTENTS

Latin America

Vol VI No 015 *23 January 1986*

INTER-AMERICAN AFFAIRS

Honduran President-elect Azcona Visits OAS [CANA] A 1
Regional Sugar Exporters View U.S. Quotas [CANA] A 1

ARGENTINA

CGT Leader Warns Against Strike Reprisals B 1
Plane Manufacture Pact Signed With Brazil B 2
Briefs: Unemployment Rate Increases; New Sub To Arrive B 2

BOLIVIA

Banzer Declines Invitation To Join Government C 1
New Cabinet 'Unofficially Announced' 22 January C 1
President Installs New Ministers C 2

BRAZIL

Justice Minister Criticizes Cabinet Shuffle [O ESTADO DE SAO PAULO 14 Jan] D 1
Minister Confirms Border Security Operation [O GLOBO 15 Jan] D 2
Health Minister Carlos Santanna Resigns D 2
Army To Build Electronic Instruction Center D 2
Funaro Pleased With Banking Sector Agreement D 3
Brasilsat 2 Launching Rescheduled for 26 February [FOLHA DE SAO PAULO 15 Jan] D 3
Scientists Criticize Nuclear Research Program [O ESTADO DE SAO PAULO 14 Jan] D 3
Evacuation Plan Discussed for Nuclear Plant Area [O GLOBO 19 Jan] D 4

CHILE

Relatives Protest Arrest of Suspected Guerrillas E 1
Socialists Withdraw From Democratic Alliance E 1
Briefs: Deputy Commander Installed E 1

COLOMBIA

Foreign Ministry Comments on Guatemala Meetings [EL SIGLO 19 Jan] F 1
Government Rejects Emergency Decree on Coffee F 2
'Death To Judges' Group Issues Threats [EL SIGLO 15 Jan] F 3

ECUADOR

Teran Explains President's Comments in U.S. G 1
'New' Guerrilla Group Occupies Quito Monument G 1

PERU

Monzon: Army Studying Arms Reduction J 1
War Minister Views Army, Fight Against Rebels J 1
[CARETAS 13 Jan]
Many Wounded in Shining Path Bomb Attacks J 3
Subversives Break Into Radio, Broadcast Message J 3
APRA Deputy Criticizes Peace Commission J 3
Briefs: New Intelligence Chief Named; Army Commanders Sworn In J 3

MEXICO

President Signs Two Investment Decrees M 1
Finance Secretary Calls for Economic Discipline M 1
Foreign Secretariat Names Delegation to Honduras M 1
Trade, Tourism Exchanges with FRG May Increase M 2
Briefs: Drug Traffickers Arrested M 2

PANAMA

Officers Announce Details of Joint Maneuvers N 1

CENTRAL AMERICA

COSTA RICA

Monge Meets U.S. Envoy, To Miss Azcona Inaugural P 1
Opposition Popular Alliance Publishes 'Platform' P 1
[LIBERTAD REVOLUCIONARIA 10-16 Jan]

EL SALVADOR

Duarte Announces Economic Austerity Measures P 4

HONDURAS

General Lopez Discusses Contras, Refugees P 17
Parties Agree on 'National Unity Government' P 19

NICARAGUA

Ortega Views Caraballeda Document, Scores U.S. P 20
Borge Discusses Atlantic Coast Policies P 22
[EL NUEVO DIARIO 15 Jan]
Borge Concludes EL DIA Interview on M-19, Church P 23
[EL DIA 8 Jan]
U.S.-Honduran Maneuvers Increasing U.S. Presence P 25
[BARRICADA 17 Jan]
Wheelock on Economic Losses From Contra Attacks P 27
Inflation 'Most Noticeable' Economic Problem P 27
[RUMBO CENTROAMERICANO 27 Dec-2 Jan]

Economic Policies Facing Resistance, Shortages [San Jose] P 29
LA PRENSA Newsman Arrested for Distributing Flyer [BARRICADA 19 Jan] P 29
Bishop Seeks Normal Relations With Government [LA PRENSA 15 Jan] P 30

CUBA

Foreign Minister Malmierca Still in Lesotho [AFP] Q 1
Reports of Casualties Refuted [AFP] Q 1
Fidel Castro Meets With Japanese Deputies Q 1
Fidel Castro Visits Site of Hotel Fire [CANA] Q 1
1 Million Expected at Party Congress Rally Q 2
Commentary Links Strong Defense, PCC Policy Q 2
Briefs: Oil Well Exploration Q 3

CARIBBEAN

BAHAMAS

Whitfield Elected Deputy Leader of FNM S 1
Minister Says Striking Teachers Not To Be Paid S 1

BARBADOS

Trade Figures With Caricom, LDC's Detailed S 1

GRENADA

Court Rules Against Humphrey Extradition S 2

HAITI

Government Radio, Paper Blame Church for Crisis S 2

JAMAICA

Seaga To Pay Official Visit to Trinidad-Tobago S 3
Teachers Return to Work; Negotiations To Resume S 3

ST CHRISTOPHER-NEVIS

Simmonds Expounds on Human Rights, Democracy S 3

ST VINCENT-GRENADINES

1985 Tourism Figures Show Improvement S 4

HONDURAN PRESIDENT-ELECT AZCONA VISITS OAS

FL172344 Bridgetown CANA in English 2222 GMT 17 Jan 86

[Text] Washington, Jan 17, CANA -- Ambassador Albert O. Xavier of Grenada, chairman of the Permanent Council of the Organization of American States (OAS) today welcomed President-elect Jose Simon Azcona of Honduras, praising the efforts of that Central American nation in the field of human rights.

We note that while nations around you have been guilty of serious infractions against the rights and freedoms of the individual, Honduras continues to respect the God-given rights of its people, Xavier told the president-elect during his visit today to the OAS.

Azcona also met with Val McComie, assistant secretary general of the OAS, currently in charge of the General Secretariat while Ambassador Joao Clemente Baena Soares attends in Guatemala installation ceremonies for President Vinicio Cerezo and other important meetings on Central American issues. Xavier told Azcona that we have no doubt that your government will continue its noble tradition in the field of human rights and added that his visit is indicative of your commitment to continue to participate in and support the efforts of the OAS. More importantly, he said, we applaud your nation's continued adherence to the principles of parliamentary democracy. We believe that this is the only system of government under which the individual can fully develop his true self. Xavier said Azcona's election reaffirms that the process of democracy is continuing to grow in Honduras.

The Honduran president-elect said in a statement at the conclusion of his visit that efforts must be made to seek a solution to the Central American problem. In this connection, he said Honduras accepts and supports the decisions made by the Contadora Group and by the Support Group. We want to be the promoters of solutions and no peace and tranquillity will be possible unless a global solution is found to the problem of Central America, he pointed out.

Azcona warned that the Central American question cannot be subject of isolated efforts, but instead should be confronted through a comprehensive and common effort and Nicaragua must become a peace factor in Central America.

REGIONAL SUGAR EXPORTERS VIEW U.S. QUOTAS

FL172058 Bridgetown CANA in English 1836 GMT 17 Jan 86

[Text] Washington, Jan 17, CANA -- Caribbean and Latin American sugar exporters asked the United States today to reconsider its reduction in the size of its import quotas imposed by the Food Security Act of 1985.

The request was made during the first session in 1986 of the Permanent Council, highest permanent political body of the Organization of American States (OAS).

The future of millions of our peoples and of our governments may be affected (by the quota cuts), warned Trinidad and Tobago's Ambassador James O'Neil Lewis. If people find themselves out of work then anything may happen even in the most democratic of countries, he added. Lewis called on the OAS council to seek with the United States a solution that will be acceptable to all of us.

The council approved a proposal by Ambassador Rafael Garcia Velasco of Ecuador that as a first step the OAS General Secretariat be charged with preparing as soon as possible a short and concrete study on the effects of the U.S. legislation over the economies of OAS member states. Garcia Velasco said that matters to be considered by the U.S. Government in making a final resolution on the problem should be price supports, sustenance of quota levels, long-term loans to finance plantings and measures to diversify crops and the promotion of new industries to make up for the losses suffered by the countries because of the sugar situation.

In signing the Food Security Act on December 23, President Reagan had said the legislation passed by Congress includes several highly objectionable features that must be changed, and mentioned that a mandatory reduction in the size of the sugar quota that threatens to severely disrupt the economies of the Caribbean Basin countries and the Philippines....is inconsistent with the foreign policy objectives of our country and may also be violative of our obligations under international trade agreements. Reagan also said: I find it difficult to ask other countries to bear the cost of our sugar programme while encouraging them to maintain a stable course toward development with democracy.

U.S. Ambassador Richard T. McCormack told the Permanent Council that practically speaking, the act reflects a loss of U.S. congressional patience with the highly distorted world agricultural market. He added: We are troubled by the distress caused sugar producing nations as world sugar production plus stocks has tended to exceed world effective demand. McCormack said that the administration will be seeking to convince Congress that satisfying the American farm community's long-term needs requires international markets free of government subsidies and trade restrictions. This, he said, reinforces the need for early and meaningful negotiations on agricultural issues in a new trade round. This would provide a sound basis for congress to amend the new legislation.

Peruvian Ambassador Jorge Raygada Cauvi underscored the relationship between restrictions imposed on developing countries exports and the burden of external debt. We are requested to pay the debt, and we are willing to do just that, but on the other hand we are placed under the burden of protectionist measures which makes it impossible for us to have the necessary resources for debt payments, he told the council. Raygada Cauvi also said that the actual sugar quotas, already reduced to 467,000 short-tons last year, will be even more restricted, to 450,000 short-tons in 1986.

U.S. imports in 1983-1984 from Latin America and the Caribbean reached a level of 2,044,038 short-tons and the average between 1977 and 1981 was 3,308,616 short-tons.

CGT LEADER WARNS AGAINST STRIKE REPRISALS

PY221535 Buenos Aires TELAM in Spanish 0008 GMT 22 Jan 86

[Text] Buenos Aires, 21 Jan (TELAM) -- Saul Ubaldini, the secretary general of the CGT [General Labor Confederation], today warned the government not to intervene against the unions because if it takes reprisals, there will not be just another strike but a total mobilization. Ubaldini said: We are tired of lies and promises. We hope that the well-known idea of participation will be put into operation once and for all. Ubaldini added that the CGT will never again accept an invitation to take part in the socio-economic talks just to have its proposals ignored. Ubaldini, who spoke before hundreds of CGT members, reiterated that the strike scheduled for 24 January will be a day of glory and will be carried out to the end.

Ubaldini delivered a powerful speech to the rank-and-file from the balcony of the first floor of the CGT headquarters at 802 Azopardo Street. He said: We are going to work for the 24 January strike and those imitators should learn that it is better to do than to say, better to act than to promise. The CGT secretary general delivered a message to all the rank and file union activists and delegates of this capital and Greater Buenos Aires on the upcoming general strike called for 24 January. Ubaldini called upon the unionists to be calm in order to make the strike a real referendum. Ubaldini's speech was repeatedly interrupted by the chanting of the demonstrators, who covered part of Azopardo Street and Independencia Avenue, and hindered by problems with the sound system. In his speech, Ubaldini emphasized the sufferings of people on retirement and criticized the government for its lack of sensitivity to solve the problems of the aged. Commenting on the Austral Plan, Ubaldini also criticized the government for giving priority to commitments abroad and called on the government to think of domestic commitments instead. High leaders of the CGT National Secretariat were among the demonstrators, including Juan Alejo Farias of UOCRA [Construction Workers Union of the Argentine Republic]; Miguel Candore of UPCN [National Civil Service Personnel Union]; and Jorge Sansat of Aeronavegantes [Airline Workers Union].

Ubaldini also called for the reactivation of production, and reiterated his exhortation to the government for a change in its socioeconomic policies. The CGT leader pointed out that the purpose of his speech was to call for a peaceful strike, which he said has always been the preferred method, in order to get bread and work, and that it is necessary to change not only the salary situation but also the socioeconomic policy. In other words, to keep in mind domestic commitments rather than foreign commitments. Ubaldini said that the directive given to the rank-and-file for the 24 January strike is, above all things, to be calm and to not participate in violent acts. He added: We are peaceful men and our protest is going to be peaceful.

During an interview with TELAM, Ubaldini said that the intermediate level union leaders will be in charge of conveying the thoughts of the CGT to the rank and file. In response to a question about the similarities of the policies of the labor movement and the Justicialist Party, Ubaldini said that General Juan Peron is responsible for the majority of workers being Justicialists because of the social justice he gave them. Regarding the Austral Plan and the salary increases, Ubaldini said that the 3-austral increase over the minimum salary granted to retirees means that the government has no real idea of what is happening in our country.

Asked if strikes don't hurt the democratic process, Ubaldini said: This is a general strike and not a strike to favor a general. He abstained from giving details of the measures to be adopted during the strike scheduled from 24 January. Ubaldini said: The labor movement is tired. We cannot go from one strike to another. There are more effective moves. In this case, this is (the upcoming strike) a warning. We are going to decide on other measures in a democratic manner by learning the thoughts of the regional delegates and the secretaries general during a plenum to be held in the interior of the country.

PLANE MANUFACTURE PACT SIGNED WITH BRAZIL

PY201727 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2322 GMT 17 Jan 86

[Text] Buenos Aires, 17 Jan (NA) -- During a ceremony at the Defense Ministry, attended by Defense Minister Roque Carranza, Argentina and Brazil today signed a cooperation and technological exchange agreement for the construction and export of aeronautical material for the manufacture of planes for combat and advanced training. The agreement was signed at 1730, by Carranza on behalf of Argentina; Osires Silva, president of the Brazilian Aeronuatics Company (Embraer), signed for Brazil. Brigadier Horacio Crespo, Air Force commander in chief; Ruben Corradetti, Corboda Military Area commander; and Joao Pereyra de Araujo, Brazilian ambassador, also attended the ceremony. The Argentine plane factory of Cordoba and the Embraer, the two most important Latin American plane manufacturers, will play major roles in the technological exchange. These two factories are now developing important civil and military projects. The agreement calls for cooperation between the two countries' Air Forces to produce and export aeronautical material designed by them and acquired under permit, as well as the development of a technologically adequate level for the manufacture of military combat planes, fighters, and planes for advanced training.

BRIEFS

UNEMPLOYMENT RATE INCREASES -- The National Statistics Institute has reported the latest unemployment rates in Greater Buenos Aires registered by October 1985: Unemployment grew 40 percent and underemployment grew 38 percent in 1985 in comparison with 1984. The total unemployment and underemployment rates together reached 11.4 percent of the labor force in 1985 as compared with 8.2 percent in 1984. [Summary] [Buenos Aires Argentina Televisora Color Network in Spanish 0000 GMT 21 Jan 86 PY]

NEW SUB TO ARRIVE -- (DYN) -- Argentina's newly-built submarine, the San Juan, is due to arrive in the port of Mar del Plata today from Federal Germany where it was constructed. The vessel is a sister-ship to the "Santa Cruz" and was launched at the Thyssen Nordseewerke shipyards in Germany. The vessel is considered to be one of the most modern of its kind, is 66 meters long, develops a speed of 24 knots, and is equipped with six torpedo tubes. Rear Admiral Nestor Baricco, commander of naval operations is to preside today at ceremonies in the Mar del Plata base during which the submarine will become one of Argentina's naval fleet. [Text] [Buenos Aires BUENOS AIRES HERALD in English 18 Jan 86 p 13 PY]

BANZER DECLINES INVITATION TO JOIN GOVERNMENT

PY221750 Madrid EFE in Spanish 1658 GMT 22 Jan 86

[Text] La Paz, 22 Jan (EFE) -- General Hugo Banzer Suarez, leader of the rightist National Democratic Action (ADN), has rejected President Victor Paz Estenssoro's invitation for ADN members to be included in the new cabinet.

According to information disclosed today by official sources, President Paz Estenssoro proposed to Banzer that members of the opposition ADN take part in the new government. This invitation was made during a meeting held on the night of Monday, 20 January, at the "San Jorge" presidential residence.

On Tuesday, the Council of Ministers resigned en masse so that Paz Estenssoro "would be free to make adjustments in his new cabinet."

Foreign Minister Gaston Araoz Levy said that the caretaker cabinet had "fulfilled a fundamental phase for the country and that a new phase in which new tasks must be fulfilled is beginning."

Disagreements within the government surfaced 10 days ago when Planning Minister Guillermo Bedregal tendered his resignation, demanding changes in the cabinet. Bedregal was ratified in his post by the president and, therefore, it is believed that his request was also accepted.

According to political observers, ADN participation in the government was aimed at preventing disagreements between the government and the legislative branch, headed by Senator Gonzalo Sanchez de Lozada, who belongs to the governing National Revolutionary Movement, and who is strongly against Bedregal.

The swearing in of the new cabinet is expected in the next few hours. According to political observers, the new cabinet could bring some surprises since the ADN refused to take part in it.

NEW CABINET 'UNOFFICIALLY ANNOUNCED' 22 JANUARY

PY222237 Madrid EFE in Spanish 2141 GMT 22 Jan 86

[By Amanda Davila]

[Text] La Paz, 22 Jan (EFE) -- It was unofficially announced today that the new Bolivian cabinet will retain 50 percent of the members of the former Cabinet, will be more conservative, and will significantly change the economic policy of the government.

Meanwhile, meetings continued at the presidential palace to put the finishing touches on the cabinet that will replace the one that resigned yesterday.

Outgoing Foreign Minister Gaston Araoz Levy has stated that the Cabinet resigned to "allow the president to make the necessary adjustments to confront a new phase." President Victor Paz Estenssoro is facing his first massive cabinet crisis 5 and 1/2 months after his inauguration on the eve of a 24-hour Bolivian Labor Confederation [COB] sponsored stoppage to protest the government's economic policy.

Official sources have reported that the opposition Nationalist Democratic Action (ADN) party, led by General Hugo Banzer Suarez, has rejected an invitation made by the president to participate in the new cabinet.

Although 50 percent of the current Cabinet will be confirmed -- according to an unofficial list -- important changes will be announced in the economic area, which until yesterday was headed by Planning Minister Guillermo Bedregal, who will reportedly take over the foreign relations portfolio.

Of the 18 ministers in the Cabinet, 8 were confirmed, 7 are new, and 1 portfolio has not been assigned yet.

The cabinet shuffle will be advantageous for the business sector of the ruling party, which has been criticizing Minister Guillermo Bedregal's economic policy of establishing some sort of balance between the interests of the workers and the IMF recommendations.

The Planning Ministry Bedregal used to head will be given to the current president of the Senate, Gonzalo Sanchez de Lozada, a businessman who favors strict compliance with the severe measures advocated by the IMF.

According to the unofficial list of new ministers, Juan Careaga, another businessman, will be the new minister of finance while Douglas Azcarruz, also a businessman, has been confirmed as minister of industry and trade.

Luis Fernando Valle, defense minister; Fernando Berthelemy, minister of interior; and Antonio Tovar Pierola, minister of aeronautics will remain in their jobs. These ministers have managed to stop a general strike that the COB had called for to portest the economic policy.

Education Minister Enrique Ipina Melgar, Labor Minister Walter Costas Badani, Integration Minister Fernando Caceres and Health Minister Hugo Rodriguez have also been confirmed, while the fate of the information minister has yet to be decided.

According to the unofficial list, Andres Petrisegich will take over the Transport Ministry, Carlos Morales (a businessman) will become the new energy and hydrocarbons minister, Jaime Villalobos will be the new mining minister, Franklin Anaya will take over as minister of urban affairs, Sandoval Moron (who has participated in de facto administrations) will become minister of campesino affairs, and Juan Carlos Duran (who was a minister in the latest de facto regime) will become secretary general of government.

The new cabinet will be sworn in in a few hours.

President Installs New Ministers

PY230111 Paris AFP in Spanish 0046 GMT 23 Jan 86

[Text] La Paz, 22 Jan (AFP) -- During the installation of his second Cabinet since he took office on 6 August 1985, President Victor Paz Estenssoro stated today in La Paz that we either survive together or we sink together.

At the installation ceremony, the chief of state confirmed 5 of his 18 ministers. Former Planning Minister Guillermo Bedregal was installed as foreign minister and former Finance Minister Roberto Gisbert was installed as industry and commerce minister.

Gonzalo Sanchez de Lozada, a prominent mining industrialist and the current Senate president, will take over as planning minister. Juan Careaga, one of the most influential private bankers of Bolivia, will be the new finance minister.

Based on these key changes, Paz Estenssoro has announced that he will continue his neoliberal policy, first because the country has no alternative if it wants to overcome economic disaster and second, because that is the only way to obtain international assistance.

On behalf of the new Cabinet, the new foreign minister thanked Paz Estenssoro for his appointment and promised that he and his colleagues would be worthy of the president's trust. This is the new Cabinet:

Minister of foreign relations and worship: Guillermo Bedregal Gutierrez (former planning minister)

Minister of interior, migration and justice: Fernando Barthelemy (confirmed)

Minister of planning and coordination: Gonzalo Sanchez de Lozada (current president of the Senate and prominent mining industrialist)

Minister of finance: Juan Careaga

Minister of education and culture: Enrique Ipina Melgar (confirmed)

Minister of labor and labor development: Walter Rios Gamboa (former member of the National Electoral Court)

Minister of agriculture, livestock, and campesino affairs: Edil Sandoval Moron (senator, he held this ministry during Colonel Alberto Natusch Busch's regime)

Minister of transport and communications: Andres Petricevich (deputy of the ruling Nationalist Revolutionary Movement, MNR)

Minister of industries and commerce: Roberto Gisbert (formerly minister of finance)

Minister of defense: Luis Fernando Valle (confirmed)

Minister of aeronautics: General Antonio Tovar Pierola (confirmed)

Minister of housing and urban affairs: Franklin Anaya (MNR deputy)

Minister of energy and hydrocarbons: Carlos Morales (president of the Confederation of Bolivian Private Businessmen, CEPB)

Minister of mining and metallurgy: Jaime Villalobos

Minister of information: Erlan Antelo

Minister of integration: Fernando Caceres (confirmed)

Private presidential secretary: Juan Carlos Duran (MNR deputy and minister under General Celso Torrelio Villa's regime 1981-1982)

Minister of public health and social services: Carlos Perez (MNR deputy)

JUSTICE MINISTER CRITICIZES CABINET SHUFFLE

PY221237 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jan 86 p 4

[Text] Brasilia -- Justice Minister Fernando Lyra yesterday criticized the manner in which President Jose Sarney is conducting his Cabinet shuffle, saying that it was "a mistake from the beginning and that it may create serious problems for the president. Lyra abandoned the cautious manner in which he has been expressing himself lately on his disagreement with the Cabinet change, which includes himself, and he spoke about all the negative points he believes exist in Sarney's reform schedule. He started by criticizing the manner in which the cabinet change was announced "without any political strategy," and at an inopportune time, in November.

Lyra believes that it has been too long between the announcement and the actual change. He pointed out that it has harmed all the ministries because the current ministers do not feel any motivation to start new programs they will not be able to finish. Lyra believes that the discussions are too centered on the election of new ministers without including the large status companies, "many of which are more influential than certain ministries."

The minister said that the subject should have been treated differently: The announcement of the reform and the actual changes should have taken place simultaneously so as not to hinder the administrative apparatus.

Questioned as he was leaving the president's office after a routine visit, Lyra did not guarantee, as he did last week, that he would leave his post in February, 3 months before he is allowed to do so as a deputy. On the contrary, he justified that there is no reason for submitting an en masse resignation, "since it is known that each ministry and minister has different problems."

Lyra believes that the president of the party, Ulysses Guimaraes, acted hastily when he proposed a mass resignation before even talking with his fellow party members. However, Lyra praised Ulysses' decision not to propose any candidates for ministers to President Sarney.

"The party has its cadres; the president will choose whomever he approves, whomever he believes should be his direct aide," Lyra said, adding that he has already made an important concession to the parties by assigning them Cabinet posts.

Lyra added: "If the president decides to give the same ministries to the Brazilian Democratic Movement Party (PMDB), the cadres are at his disposal. To impose names is totally incorrect."

Speaking as he left Planalto Palace, Lyra criticized the expression "Sarney's cabinet," as the group of ministers to be installed after 15 February is becoming known.

"It will not be a Sarney cabinet, because it will continue to be a Democratic Alliance cabinet with the same correlations of forces," he concluded.

MINISTER CONFIRMS BORDER SECURITY OPERATION

PY162058 Rio de Janeiro O GLOBO in Portuguese 15 Jan 86 p 6

[Text] Brasilia -- Navy Minister Henrique Saboia confirmed yesterday that more troops have been sent to the Colombian border. According to him, "the situation in the region is a little tense and has been causing us some concern."

The minister did not want to confirm that concern about the M-19 [19 April Movement] was the main reason for the reinforcement of troops along Colombian border. The decision was made during the military ministers' work luncheon.

Questioned on the subject, Army Minister Leonidas Pires Goncalves said that the M-19 did not worry him: We have sent a company to Sao Gabriel de Cachoeira, more than 400 km from Tabatinga, where President Sarney will be on 30 January. This 100-man company is deployed in 3 groups so as not to announce its presence or create rumors. There has been no operation or contact with potentially unfriendly groups. This is the truth.

HEALTH MINISTER CARLOS SANTANNA RESIGNS

PY201617 Madrid EFE in Spanish 1308 GMT 20 Jan 86

[Excerpt] Brasilia, 20 Jan (EFE) -- The first crisis within the Cabinet of the New Republic set in today with the resignation of Health Minister Carlos Santanna, it was reported here today.

His resignation heralds the Cabinet crisis that will allow President Jose Sarney to appoint his own ministerial team on 15 February. Minister Santanna took the initiative ahead of his colleagues and resigned while the concept of collective or individual resignation of the Cabinet continued to be discussed in Brasilia.

The ministerial crisis, the first since democracy was reestablished in Brazil nearly 10 months ago, after 21 years of authoritarian military regimes, was triggered by the decision of several ministers to run in the congressional elections next November.

Electoral law provides that candidates for elective office must resign any public position 9 months before the date of the elections in order to legally qualify as candidates.

In official circles today it is estimated that 12 of the 27 Cabinet ministers will resign in order to run in the upcoming elections.

ARMY TO BUILD ELECTRONIC INSTRUCTION CENTER

PY150000 Brasilia Domestic Service in Portuguese 2100 GMT 14 Jan 86

[Text] Army Minister Leonidas Pires Goncalves today reported that in 1986 the Army will begin to build an electronic instruction center. He noted that the center's activities must encompass instruction, communication, and informatics. The Army staff has already established a commission to coordinate the study and implementation of electronic military program activities. This commission is already working on regulations and the training of personnel.

During an interview, the Army minister said that at present the most important task of the military is to support other sectors of the national government, thus strengthening the constitutional government and (?Brazilian society in general).

FUNARO PLEASED WITH BANKING SECTOR AGREEMENT

PY181457 Brasilia Radio Nacional da Amazonia in Portuguese 0900 GMT 18 Jan 86

[Text] Finance Minister Dilson Funaro has expressed his pleasure over the agreement that has been reached with the international banking sector. Funaro said that more important than the extension of the credits is the fact that Brazil is the first country that has been able to sign an agreement with creditor banks without having to resort to achieving a formal agreement with the IMF. The finance minister said: Such agreements with the IMF are a thing of the past.

BRASILSAT 2 LAUNCHING RESCHEDULED FOR 26 FEBRUARY

PY201603 Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 Jan 86 p 29

[By Mauricio Bonas]

[Excerpt] The launching of Brasilsat 2 had initially been scheduled for August 1985. It was postponed until December. Less than 30 days before the new date, its launching was postponed until 14 February, but the rescheduling did not stop there: It was decided last week, after several meetings of Embratel directors with technicians of the Canadian Spar Aerospace Company and of the U.S. Hughes Satellite Company, to make new plans for the launching of Brasilsat 2, a domestic communications satellite that will serve as strategic backup for the Brasilsat 1 that was placed in orbit early last year from the Kourou base in the French Guyana.

For the time being, the launching is scheduled for 26 February, but this date may yet be changed depending on the results of the flight number 16 of Arianespace on 16 January. If everything runs well, the Brasilsat 2 launching date will be confirmed automatically. According to Embratel, the postponements had to do with the international launching timetable of the Arianespace, and also with the failure of an Ariane rocket (V-15) during its lauching in October 1985.

SCIENTISTS CRITICIZE NUCLEAR RESEARCH PROGRAM

PY212048 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jan 86 p 5

[Excerpts] The parallel nuclear program being developed by the National Commission for Nuclear Energy (CNEN), described in the Sunday edition of O ESTADO, is to be criticized because of its involvement with projects of military interest, such as the atomic-powered submarine and the Brazilian atom-bomb.

This criticism was made last night in Rio de Janeiro by the physicist Luiz Pinguelli Rosa, former president of the Brazilian Society for the Advancement of Science (SBPC) and present director of the Coordination Board of Postgraduate Programs Engineering (COPPE) of the Federal University of Rio de Janeiro. When he criticized the parallel nuclear program, Pinguelli Rosa defended the idea that the country's scientific community should be heard with regard to nuclear research.

Brigadier Tercio Pacitti, former rector of the Technical Institute of Aeronautics (ITA), and present engineering director of the Brazilian Air Force, also defended the idea that the scientific community should be consulted about the parallel nuclear program being developed by the CNEN.

Scientist Fernando Claudio Zawislak, researcher of the Federal University of Rio Grande do Sul and member of the Nuclebras Nuclear Program [Brazilian Nuclear Corporations Inc] Evaluation Commission, was very cautions when he spoke yesterday in Porto Alegre about the parallel nuclear program being developed by the CNEN. He said he was not informed about that program but termed the existence of two parallel programs "absurd."

Professor Zawislak said he did not know about the work being carried out by the CNEN. According to Zawislak, the matter has been mentioned in congresses and meetings of scientists and technicians in the nuclear field, but he is not acquainted with the CNEN's laboratories or the technology that it is being developed. Zawislak concluded from information that the CNEN president gave to O ESTADO that the "only thing that could possibly be discussed is the uranium enrichment program that is also being developed by Nuclebras."

EVACUATION PLAN DISCUSSED FOR NUCLEAR PLANT AREA

PY202115 Rio de Janeiro O GLOBO in Portuguese 19 Jan 86 p 18

[Text] The two meetings already held among government scientists, ecologists, and experts in the nuclear field to discuss an evacuation plan for the Angra dos Reis population in case of a radioactive accident in the Angra I nuclear power plant are yielding good results. According to information supplied by Deputy Lizt Vieira, the president of the Rio de Janeiro legislative body ecological studies commission, the plan will be changed in order to allow for a greater participation of the civilian population. The scheme for disseminating this plan among the Angra dos Reis population will be redrawn.

Vieira stated that "the new cooperative thinking among the governmental agencies related to the nuclear energy field is very important. Another outstanding development is the fact that they have changed their minds and withdrawn the character of ultra confidentiality surrounding this issue. An example of this change is that a complete copy of the formerly secret evacuation plan will be submitted to a commission recently created made up of the Civil Defense organization, Furnas [a state electric power company] ALERJ [expansion unknown] and local Angra I staff.

In addition, Vieira reported that in March -- during the resumption of ALERJ operations -- the ecological studies commission will hold a seminar to discuss the population's evacuation plan at a technical level.

RELATIVES PROTEST ARREST OF SUSPECTED GUERRILLAS

PY221056 Paris AFP in Spanish 2230 GMT 21 Jan 86

[Text] Temuco, 21 Jan (AFP) -- Relatives of 22 students arrested in southern Chile and charged with participating in a guerrilla commando group today refuted the charges against them and asked that the students, among whom there are five women, be released. They are all innocent and do not belong to any extremist organization whatsoever, the relatives stated during an emotional press conference held at the Temuco bishopric, 700 km south of Santiago. Agents of President Augusto Pinochet's military government arrested the students near Temuco and charged them with belonging to a guerrilla training school of the banned Communist Party, according to official reports released on 18 January.

However, relatives of the youths led by Jimena Ramirez and Domingo Jineo explained that the students were arrested on 16 January while setting up a summer camp in a rural area. Gonzalo Rovira, vice president of the Chilean Student Federation (FECH), stated that the arrest of the students is part of a campaign aimed at repressing and frightening away those who participate in student volunteer summer task forces. The arrested students are awaiting the decision of Judge Advocate Rodolfo Kaufhold, who must decide by 22 January whether to release the students or bring them before the court for jeopardizing national security. This is the second time the government has reported insurgent activities in the area after seven guerrillas of the clandestine MIR (Movement of the Revolutionary Left) died in a clash with Army units in the Neltume forest in mid-1981.

SOCIALISTS WITHDRAW FROM DEMOCRATIC ALLIANCE

PY230143 Madrid EFE in Spanish 2352 GMT 22 Jan 86

[Text] Santiago, 22 Jan (EFE) -- The Chilean Socialist Party [PS] today officially announced its "temporary" withdrawal from the opposition coalition "Democratic Alliance" [AD]. The AD, which, besides the Socialists, includes the Christian Democrats, the Radicals, the Republican Rightists, and the Social Democrats, is a coalition representing the so-called "democratic opposition parties." PS leader Ricardo Lagos has stated that the socialists have agreed to "temporarily" withdraw because the efforts of the opposition, including the Marxists, to achieve a united strategy have failed.

BRIEFS

DEPUTY COMMANDER INSTALLED -- Brigadier General Hernan Chacon Soto was installed on 3 January as the new deputy commander of the 6th Army Division. He replaces Brigadier General Julio Andrade Armijo, who has been transferred to Santiago. [Summary] [Santiago LA TERCERA DE LA HORA in Spanish 5 Jan 86 p 18 PY]

FOREIGN MINISTRY COMMENTS ON GUATEMALA MEETINGS

PA222327 Bogota EL SIGLO in Spanish 19 Jan 86 pp 1, 3

["Communique" issued by Foreign Ministry -- no place or date given]

[Text] On the occasion of President Belisario Betancur's visit to Guatemala City to attend President Vinicio Cerezo's inauguration, the following diplomatic efforts were carried out:

1. On Monday night [13 January] the Contadora Group, Support Group, and the five Central American countries held a meeting at the Venezuelan Embassy. At this meeting the Central American foreign ministers were presented with the Caraballeda message signed the weekend before in Venezuela, in which the Contadora Group and the Support Group foreign ministers stated that in response to the increasing threats against peace in Central America, and in response to the risk of a diplomatic void that will increase tensions in the region, it is urgent and necessary to give renewed motivation to the negotiation process promoted by the Contadora Group. The negotiation process should lead as soon as possible to the signing of the Contadora Document for peace and cooperation in Central America, the only way to ensure a general political understanding that will allow respectful, peaceful, and productive coexistence among all of the countries in the region.

The foreign ministers confirmed that after 36 months of negotiations, there are still attitudes and situations that make it difficult to reach a general and comprehensive agreement which will allow us to overcome the climate of hostility, control the arms race, foreign intervention, and policies of force. Consequently, in an effort to recreate the climate of confidence needed, which will ensure the political will of the sides in conflict for the signing of the Contadora Document for Peace and Cooperation in Central America, they feel that the following are necessary:

A. To define the permanent bases for peace in Central America;

B. Establish the actions necessary to ensure the fulfillment of those bases and promote reciprocal confidence;

C. Immediately carry out diplomatic efforts to ensure explicit support for these bases and actions by all of the sides directly or indirectly involved;

D. Offer their good offices for other necessary efforts;

E. Carry out the pertinent tasks to hasten the signing and implementation of the Contadora Document for Peace and Cooperation in Central America.

In Guatemala the Central American countries pointed out the importance of the document in question, especially the actions it establishes in order to achieve lasting peace in the region. They also expressed a desire to issue a declaration whereby Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua would support the Caraballeda message, showing their political will to conclude the negotiations promoted by the Contadora Group, and endorsed by the Support Group. The Guatemala declaration was thus signed in the presence of President Betancur in Guatemala City, and under the current circumstances with the worsening of the crisis in Central America, this constitutes excellent news for peace-loving peoples.

2. The Contadora Group and the Support Group immediately initiated the diplomatic efforts that will guarantee the implementation of the intentions and actions established in the Caraballeda message. They will present the document to the secretary general of the United Nations, to the OAS, EEC, the Governments of Canada, United States, Cuba, and other countries with interests and ties in the region. In this regard the ambassadors to Colombia and heads of missions to international organizations have received instructions so that in the company of their colleagues of the Contadora Group and the Support Group, they can carry out before their respective governments and corresponding international organizations the efforts necessary to obtain explicit support for the Caraballeda message.

3. President Belisario Betancur granted an interview to Nicaraguan President Daniel Ortega, which had been officially requested by the Nicaraguan Government through its embassy in Bogota. On this occasion the two presidents had the opportunity to make a broad analysis of the Central American situation. President Betancur insisted on the urgency of reactivating the negotiation process within the spirit of the agreements made in the Caraballeda message. Meanwhile, the Nicaraguan president reiterated his government's explanations regarding events related to the attack on the Palace of Justice in Bogota. Providing new explanations and expounding the earlier ones, the Colombian president reiterated the statements made by the Colombian Foreign Ministry in its diplomatic messages to the Nicaraguan Government.

4. Colombian Deputy Foreign Minister Guillermo Fernandez de Soto, in addition to accompanying the president to the official inaugural events, participated in the Contadora Group and Support Group meetings, and in the conversations of the Central American foreign ministers. He attended a luncheon offered by the Spanish foreign minister, attended also by EEC Commissioner Claude Cheysson, during which the Spanish foreign minister presented a communique that pointed out the Spanish Government's full solidarity with the Contadora negotiation process, and offered its collaboration before the EEC, to explain the scope of the Caraballeda message and the Guatemala declaration. Fernandez de Soto also participated in a news conference at the Guatemalan National Palace with the Contadora Group and Support Group foreign ministers, at which they explained to the international public the importance of the Guatemala declaration.

5. The activities carried out, the results obtained, and the new efforts the Contadora Group is carrying out allow us to hope that the diplomatic negotiation process now explicitly supported by 13 Latin American countries will shortly establish the definite bases for the signing of the Contadora Document for peace and cooperation in Central America.

6. Meanwhile, President Betancur presented a letter with important considerations regarding the coffee issue to his Central American colleagues, reaffirming the theory Colombia has maintained in response to this current international problem.

GOVERNMENT REJECTS EMERGENCY DECREE ON COFFEE

PA222208 Bogota Television Service in Spanish 1730 GMT 21 Jan 86

[Ricardo Canon report from the Narino Palace]

[Text] Today, the government decided to adhere to the State Council decision not to declare a new economic emergency to manage the coffee bonanza.

At the same time, Finance Minister Hugo Palacios Mejia announced that in the coming hours the government will present to the Congress a bill containing the executive's proposals for managing the coffee bonanza. The economic affairs minister [title as heard] will meet with directors of the Senate and the House, as well as with representatives from the Third Constitutional Commissions of both chambers, in the next few hours to decide whether or not it is necessary to extend the period of extra sessions to which Congress has been summoned.

[Begin unidentified speaker recording] The president of the republic and the Council of Ministers today agreed to follow the recommendations of the State Council regarding the presentation to the congressional chambers of the bill necessary to make the best use of the magnificent opportunity for the country provided by the coffee bonanza. The bill obviously reflects the government's ideas on how to capitalize on the extraordinary resources that Colombia will receive from coffee exports, and will also try to adhere, as much as possible, to the subjects and points of view that have been agreed upon with the coffee producers during these past few days. [end recording]

'DEATH TO JUDGES' GROUP ISSUES THREATS

PA190300 Bogota EL SIGLO in Spanish 15 Jan 86 pp 1, 2

[Excerpts] "If prompt and effective justice is not applied, the country's judges will be tried and several of them will be executed," was, among others, one of the emphatic warnings issued by members of the self-styled "Death to Judges" movement [Muerte a Jueces -- MAJ]. The message was delivered to Jesus Alcides Guerra Restrepo, a customs judge who was released safe and sound after the MAJ kept him for 15 hours. Regarding the message that the MAJ members delivered, the judge said that "these individuals demand that the judges of the country apply prompt and effective justice or the blood of several judges will run."

Guerra Restrepo, whose important investigations include the death of Judge Alvaro Medina Ochoa, murdered in April 1985, praised the capability and honesty of the country's judges and regretted that Colombia does not have the necessary means to apply effective justice. "The judges are the Cinderellas of the public sector," he noted. Referring to the MAJ members, Guerra Restrepo said that he believed they were lawyers or law school students because of their use of legal jargon exhibited during the 2 hours of dialogue they held in which they criticized the administration of justice.

Several members of the law sector rejected the radical position of the self-styled MAJ and said that they were shocked at the warnings because they are all aware of the effectiveness of Colombian judges. Meanwhile, Edgar Escobar Lopez, president of the Superior Court of Medellin, asked the authorities to provide greater security for the magistrates and the judges of the Republic, especially for those who are involved in delicate investigations.

TERAN EXPLAINS PRESIDENT'S COMMENTS IN U.S.

PA222243 Quito Voz de los Andes in Spanish 1130 GMT 22 Jan 86

[Excerpts] President Leon Febres Cordero's administration has again asserted that elections will be held as scheduled because they are mandated by the Constitution. As stated by Foreign Affairs Minister Edgar Teran, these processes are a responsibility that our country cannot shirk.

[Begin recording] It is of utmost importance to note that President Febres Cordero explained two basic principles of his government to the international press. The first such basic principle is to move forward with the restoration of the constitution system so that all Ecuadoran citizens will have the right, which they now enjoy with inadmissible restrictions, of running for elective office. The Ecuadoran Constitution currently limits this right because it provides that one must have previously joined a political party to exercise it. The president explained that he will do his utmost to establish full democracy.

He told the reporters that the other mission of his government is to refurbish the economy. He rapidly and succinctly outlined the manner in which the economy has been partially rebuilt and how we have entered the stage of economic growth.

I believe that his speech was of great importance for Ecuador. The president outlined before the international press the status of our democratic system and his intention to fully restore the people's right to run for elective office. It is for this reason that this speech was important and, obviously, that is why some people became irked or enraged and raised a stir here in Ecuador. The issue of the elections was not discussed with the U.S. authorities. The topic had been included in a speech before the president left, 2 weeks after he submitted the amendments to Congress, and it was raised before the international and U.S. press. [end recording]

'NEW' GUERRILLA GROUP OCCUPIES QUITO MONUMENT

PA221901 Paris AFP in Spanish 1811 GMT 22 Jan 86

[Text] Quito, 22 Jan (AFP) -- A new subversive armed group, the self-styled Free Homeland Montoneras [Montoneras Patria Libre] (MPL), emerged at dawn today in Quito, where it occupied the Independence Heroes Monument, subduing four military guards and seizing their weapons. The group also stole other weapons belonging to a museum of the emancipation era and hoisted a red and white flag. The operation was carried out at 0400 on the slopes of the Pichincha, where the last battle for Ecuador's independence was waged. After completing the action, the subversive group distributed a communique proclaiming "their absolute right and duty to raise the people's insurrection against the oligarchy."

The MPL emerged 2 days after Defense Minister General Luis Pineiros said that "there are no guerrillas in the country, as guerrilla groups must have a political motivation. What we have here is a gang of criminals who have not managed to create any unrest in the country."

The other movement that has been operating in Ecuador for 3 years is the Alfaro Lives group.

MONZON: ARMY STUDYING ARMS REDUCTION

PY211430 Lima Panamericana Television in Spanish 0300 GMT 21 Jan 86

[Excerpts] Major General Guillermo Monzon Arrunategui, chief of the Armed Forces Joint Staff and Army commander, criticized today's terrorist attacks and said that terrorism is gradually being brought under control.

Gen Monzon made these comments after the inauguration of the 36th national defense course, opened at the Center of Advanced Military Studies and attended by 89 high-ranking Armed Force and Police officers.

[Begin recording] [Unidentified reporter] Peru and Chile have started talks on the need to reduce arms. What is the Army's point of view?

[Monzon] We share the government's way of thinking, so we must regard it as an initiative that deserves to be taken into account, but we also believe that the Army and the entire Armed Forces must move according to the political guidelines established for them by the government. Therefore, we hope that once we are fully acquainted with these guidelines we will be able to work on this issue. For the time being, we are carrying out preliminary studies on everything concerning this initiative. [end recording]

WAR MINISTER VIEWS ARMY, FIGHT AGAINST REBELS

PY222045 Lima CARETAS in Spanish 13 Jan 86 pp 18, 19

[Interview with War Minister Army General Jorge Flores Torres by reporter Jose Gonzales -- date and place not given]

[Text] [Gonzales] This year we have seen fewer promotions and more retirements. Is everything harmonious between the Army and government?

[Flores] Since our Constitution was proclaimed in 1980 we have always acted according to it, and there is no reason to change. Because of the dramatic situation of our country in the last few years, all sectors must obey all constitutional laws and give their full support to this government, which is clearly showing its will to improve conditions in Peru, mainly those of the large majority, which has traditionally been neglected. The Armed Forces share this concern. Therefore, there are coincidences that make our decided support for President Alan Garcia's government understandable.

[Gonzales] Has a structural change started? Do you believe in a different Army for the 21st century?

[Flores] I believe the current situation of the Army indicates in general what the Army will look like in the next century, at least so long as regional strategic conditions do not vary significantly. We currently have a powerful Army equipped with the most advanced technology available to countries like ours. I believe we should maintain this level of power to be able to solve our defense problems within our region, but we should also try to become more self-sufficient. We have reached this level mainly in the naval field, while the Air Force and the Army have also made great progress.

I believe that by the year 2000 we will be able to supply our land forces, at least in basic things such as unsophisticated combat vehicles. The Army is also working to attain a force in keeping with our needs with a reduced number of active members but with many troops that can be summoned in an emergency. In the next century we should have a small active Army with well-trained reserves that can be mobilized quickly but represent only a deterrent force.

[Gonzales] In any case, the reduction is already apparent. Six division generals have retired; two of them were asked to retire, and the four others did so voluntarily. However, only four were promoted in their place.

[Flores] There are several reasons for retiring some brigade and division generals. First, it has been done for renewal. The law allows us to ask for the retirement of brigade generals, five services generals [generales de servicios], and up to three division generals. This will create better operating conditions within the Army.

Austerity is also a reason, but mainly it is because we are making some readjustments in the Army organization to try to obtain more rational control. We are trying to further reduce the number of high-ranking officers without affecting the Army's operational capability, and we will continue with this plan. This not only affects generals, since it is also our intention to reduce the number of active-duty personnel in order to have an Army with fewer active members.

[Gonzales] General Adrian Huaman was relieved of duty in August 1984, and the same thing happened to General Sinesio Jarama, in the 2d Military Region, and General Wilfredo Mori in Ayacucho in 1983. These actions had to do with problems in the antisubversive struggle. What problems do you expect for this year?

[Flores] The antisubversive struggle will undoubtedly continue. The Shining Path is retreating, but it is not yet defeated. It can still react, but it is becoming increasingly weaker. We maintain that subversion will ultimately be defeated if we establish an all-inclusive strategy for the political, economic, psychosocial, and military fields. Since last August the government has adopted several positive measures in the political and economic fields which mark a total change in the strategy that has been followed so far, because the military factor used to be overemphasized. I believe the psychosocial factor should be improved. We need more efficient antisubversive propaganda. Subversion is mainly a psychological activity, an attempt to win the minds of weaker groups and influence middle groups that have claims.

[Gonzales] And what about the military aspect?

[Flores] I believe our operations strategy should not vary much in military matters. We have had to improvise tactical procedures in the emergency zone because the Shining Path is a unique organization. It does not seem logical to change a successful strategy by instituting new operational procedures. What we are really doing is insisting on greater respect for human rights so as not to have more cases like Pucayacu and Accomarca, which we totally repudiate not only for humanitarian reasons but also because we are interested in keeping our personnel away from any demoralizing or criminal tendencies. We are emphasizing community support, and we are ready to grant security to members of the government who work in the emergency zone, because it is known that in the past subversives have forced officials to abandon their work. Now they are returning.

MANY WOUNDED IN SHINC PATH BOME ATTACKS

PY211919 Madrid EFE in Spanish 0312 GMT 21 Jan 86

[Excerpt] Lima, 20 Jan (EFE) -- According to police sources, at least 17 people were wounded today during terrorist attacks here and in northern and central cities.

In Cerro de Pasco, in the central mountain range area, alleged members of the "Shining Path" Maoist group perpetrated bomb attacks against six public buildings, including a plant belonging to the state-owned mining enterprise Centromin and the headquarters of the governing American Popular Revolutionary Alliance (APRA), where a mothers' meeting was being held.

In this attack the majority of the 11 casualties were women, but 2 girls and 1 boy were also injured. The APRA premises were destroyed. One worker was seriously wounded during the bomb expolsion at Centromin, where a high-tension transformer was dynamited. This explosion caused a break in energy supply.

SUBVERSIVES BREAK INTO RADIO, BROADCAST MESSAGE

PY221307 Lima Radioprogramas del Peru in Spanish 2330 GMT 21 Jan 86

[Excerpts] The Peruvian Investigative Police [PIP] antiterrorist department has disclosed the names of subversives who broke into the studios of Radio Bahia in Chimbote. The subversives broke into the studio to broadcast a subversive message. The subversives are now at the Chimbote provincial jail, where they are being questioned.

It has been reported that Republican Guard Corporal Jose Burgos Mora, who was wounded during the subversive attack, is recovering from his injuries.

APRA DEPUTY CRITICIZES PEACE COMMISSION

PY211443 Lima Radio del Pacifico in Spanish 1200 GMT 21 Jan 86

[Text] Alberto Valencia, deputy of the APRA [American Popular Revolutionary Alliance], has said he is disappointed by the work carried out by the Peace Commission, because it has not achieved the pacification of the country, which was the mission entrusted to it by President Garcia Perez. He said that as far as he knows the commission is not following any plan or strategy to counteract violence in Ayacucho Department. Valencia expressed support for a change in the structure of the commission by including representatives of Ayacucho Department, such as the university rector, the local archbishop, the political-military chief of the emergency zone, congressmen, intendents, and all the people who are suffering the consequences of violence.

BRIEFS

NEW INTELLIGENCE CHIEF NAMED -- Edwin Diaz Zevallos has been appointed chief of the National Intelligence Service and Julio Velasquez Giacarini chief of the National Defense Secretariat. [Text] [Lima EL COMERCIO in Spanish 2 Jan 86 p A5 PY]

ARMY COMMANDERS SWORN IN -- During separate ceremonies yesterday, Army Commander General Guillermo Monzon Arrunategui swore in General Victor Gil Astete, new Army chief of staff; General Enrique Lopez Albujar Trint, Army inspector general; and General Alejandro Antunez de Mayolo Mendez, logistics commander. [Summary] [Lima El COMERCIO in Spanish 3 Jan 86 p A5 PY]

PRESIDENT SIGNS TWO INVESTMENT DECREES

FL221746 Mexico City NOTIMEX in Spanish 0030 GMT 22 Jan 86

[Excerpt] Mexico City, 21 Jan (NOTIMEX) -- President Miguel de la Madrid signed today two governmental decrees establishing behavior of investments registered from 1982 to the present. This policy will allow investments to satisfy work needs, exports, decentralization, and reconversion.

The president met with members of the National Confederation of Industrial Chambers, (Concamin), where he also signed an agreement establishing priority industrial activities implementing several measures and actions adopted by the federal government to stimulate industrial growth.

The decrees signed by President De la Madrid are a revision and adjustment of a regimen of stimulants for investments and industrial employment to meet the needs of the country.

FINANCE SECRETARY CALLS FOR ECONOMIC DISCIPLINE

FL221700 Mexico City NOTIMEX in Spanish 1400 GMT 22 Jan 86

[Excerpt] Mexico City, 22 Jan (NOTIMEX) -- Finance and Public Credit Secretary Jesus Silva Herzog has said that now, more than ever, it is imperative that Mexico submit to strict economic discipline to confront adverse phenomena, protect what has been achieved, and simultaneously create better conditions to permit the country's advancement.

Participating in a meeting with representatives from the National Confederation of Industrial Chambers, which was presided over today by Mexican President Miguel de la Madrid, Silva Herzog reiterated the government's intent to decisively advance the improvement of public financing and control inflation.

He said: If we work efficiently during the first 6 months of 1986, the situation will be favorable for the second half of the year.

To do this, he said, the effort will continue to avoid public sector prices and tariffs from falling behind due to inflation, but he clarified that this year adjustments have been made and increasing domestic savings is of singular importance.

The finance and public credit secretary said that combating increased prices continues to be a primary objective because the current inflation levels affect costs and normal growth of business as well as planning and the well being of the population. It is the phenomenon that contributes the most to inequality and injustice.

FOREIGN SECRETARIAT NAMES DELEGATION TO HONDURAS

FL221628 Mexico City NOTIMEX in Spanish 1550 GMT 22 Jan 86

[Text] Mexico City, 22 Jan (NOTIMEX) -- The Foreign Secretariat has reported that the president has made arrangements for Energy, Mines, and Parastatal Industry Secretary Francisco Labastida Ochoa to head the Mexican delegation that will travel to Honduras to attend Jose Azcona Hoyo's presidential inauguration.

The delegation is composed of Grand Commission of the Chamber of Deputies President Antonio Riva Palacios, Ambassador and Under Secretary of International Cooperation Ricardo Valero, Mexican Ambassador to Honduras Francisco Correa, and Director General for Latin America and the Caribbean Ambassador Carlos A. De Icaza.

The Mexican delegation will be in Tegucigalpa from 25 to 27 January, where it will establish contacts with the new Honduran authorities and will evaluate measures aimed at a greater development of bilateral cooperation.

TRADE, TOURISM EXCHANGES WITH FRG MAY INCREASE

FL221658 Mexico City NOTIMEX in Spanish 1400 GMT 22 Jan 86

[Excerpt] Mexico City, 22 Jan (NOTIMEX) -- Lufthansa Director for Mexico and Central America Gerd Kuhlmaln has said that Mexico and Germany can increase trade as well as tourism.

The German official said his country and Europe in general are confident about Mexico's economy and its growth, which will be reinforced in 1986 by its GATT membership.

In reference to industrial exchange, the FRG is the second most important country to Mexico. Because of its GATT membership, it is possible that the FRG will be one of the countries with which Mexico will develop greater industrial exchange and tourism.

BRIEFS

DRUG TRAFFICKERS ARRESTED -- National Defense Secretary General Juan Arevalo Gardoqui informed President Miguel de la Madrid that during the past 2 months the Mexican Army destroyed 808 hectares of poppy and 812 hectares of marijuana and confiscated 31,000 kg of marijuana, 711 kg of opium paste, and 41 kg of poppy seeds. Regarding the antidrug campaign, Gen Arevalo informed President De la Madrid that from 5 November to date the Mexican Army arrested 644 alleged drug traffickers. [Excerpt] [Mexico City XHDF Television Network in Spanish 0130 GMT 14 Jan 86 PA]

OFFICERS ANNOUNCE DETAILS OF JOINT MANEUVERS

PA212014 Panama City ACAN in Spanish 2201 GMT 20 Jan 86

[By Ana Cerrud]

[Text] Panama City, 20 Jan (ACAN-EFE) -- A total of 6,000 soldiers from Panama and the United States today began the joint military maneuvers "Donoso-86" [Kindle Liberty-86]. A group of 100 soldiers will be fictitious guerrillas whose objective will be to attack the Panama Canal. The Defense Forces Battalion 2000, which was created to defend the Panama Canal when it reverts to the Panamanian Government, "will be carrying out most of the counterinsurgency missions" taking place during the maneuvers,battalion commander Major Aquilino Sieiro pointed out today.

During a press conference, Sieiro said that the attacks will be directed against a fictitious group of 100 guerrillas who are becoming familiarized with the area of operations. During the joint exercises, which will conclude on 7 February, the conventional troops will carry out an air attack to secure the surrounding towns and "fulfill the final mission, which is the protection of the canal," he added.

Colonel Elias Castillo, chief of operations and training of the Panama Defense Forces and commander of the "Donoso-86" maneuvers, pointed out that "the Panama Canal is not defended from its banks; rather, it is defended border-to-border and from the Atlantic to the Pacific."

The Torrijos-Carter Canal Treaties, signed by Panama and the United States in 1977, guarantee that by the year 2000 the canal will be fully operated by the Panamanian authorities. The treaties also stipulate that Panamanian militarymen must be annually trained for the canal's defense until it is turned over.

A total of 1,000 Panamanian soldiers and 5,000 U.S. land, sea, and air soldiers will participate in the joint military maneuvers that will be held in the Panamanian Atlantic coast area in Colon Province in an area of 480 km [not further described].

Armored vehicles, howitzers, mortars, grenades, and mines will be used during the maneuvers and each soldier will have his individual equipment that will include an M-16 automatic rifle. Live ammunition will not be used.

Civic Operations, called "Costa Abajo-86," are named after the area where they will take place. Such actions include the construction of three bridges, a 14-km road, water works, schools, and a landing field for medical and veterinarian aid. The total cost of the maneuvers, both tactical and civic, amounts to approximately $50 million, including salaries, transportation, and equipment, and will be paid mostly by the U.S. Government, Castillo said.

The U.S. militarymen participating in these maneuvers are members of the U.S. Army Reserves and the Corps of Engineers. The Panamanian Public Works Ministry, the "Tommy Guardia" Cartography Institute, and other nonmilitary institutions will participate in the civic maneuvers. Castillo explained that the exercises will be held in Costa Abajo, Colon, as this is an area where much of the produce is lost due to lack of adequate roads and in view of the precarious living conditions in the area.

COSTA RICA

MONGE MEETS U.S. ENVOY, TO MISS AZCONA INAUGURAL

PA221623 San Jose Radio Impacto in Spanish 1830 GMT 21 Jan 86

[Report by Gretel Tinoco]

[Excerpts] The Anglo-Costa Rican Bank has inaugurated a branch office in Alajuela. President Luis Alberto Monge, Presidency Minister Danilo Jimenez Veiga, and bank officials were present at the ceremony.

Following the ceremony, President Monge made a statement for the press. In the statement he ruled out the possibility of attending the inauguration of Honduran President Jose Azcona. Monge said it is not advisable for him to leave the country at this time, and therefore he must decline the very special invitation he received from the Honduran president-elect. Here is his statement:

[Begin recording; in progress] ...[words indistinct] President-elect Azcona has cordially reiterated his invitation. Of course, there will be other opportunities, and I have extended to him an invitation to visit Costa Rica. [end recording]

President Monge also referred to his meeting yesterday with Harry Shlaudemann, the U.S. roving ambassador to Central America, during which they discussed the document issued by the Contadora Group's foreign ministers following their meeting in Caraballeda, Venezuela. Here is President Monge's statement regarding the document and his meeting with Harry Shlaudemann:

[Begin recording; in progress] ... most of all to interpret the real scope of the Caraballeda declaration. There is confusion after the Guatemala and Caraballeda meetings about whether the fact that Nicaraguan Foreign Minister D'Escoto signed the document means that Nicaragua is willing to change its position and open a dialogue with the opposition groups, including the rebels and armed groups. This is not clear to the United States, nor to us. We do not know if this means that Nicaragua is willing to begin talks, which it has refused to do in the past. [end recording]

OPPOSITION POPULAR ALLIANCE PUBLISHES 'PLATFORM'

PA221956 San Jose LIBERTAD REVOLUCIONARIA in Spanish 10-16 Jan 86 pp 2, 3

["Government Platform" issued by the Popular Alliance; date not given]

[Excerpts] Preamble

Most Costa Ricans are suffering the consequences of the irresponsible policies pursued by the two parties that have been taking turns at power for more than 40 years. These two parties have been known to voters under the names of the National Liberation Party [PLN] and the Social Christian Unity Party [PUSC].

To vote for a change means to vote for the Popular Alliance. The victory of the Popular Alliance will mean the establishment of the first popular government in Costa Rica's history. For the first time, the hopes of all those who have struggled for social justice in our history will come true.

The Costa Rican people know the Popular Alliance's leaders and followers, its struggle, firmness, ideas, and stance during the 1978 and 1982 elections. Headed by Dr Rodrigo Gutierrez Saenz, the party has been denouncing the traditional parties and proposing a genuinely popular platform.

It will be possible to achieve the plans outlined based on the following Popular Alliance platform.

Measures To Tackle the Economic Crisis

Unjust international economic relations have led to such a large debt that we are all on the verge of drowning. In addition, this indebtedness has allowed the financial organizations dominated by U.S. imperialism to manage our economy as they wish and for the exclusive benefit of transnational enterprises and the oligarchy. For these reasons, it has been impossible, thus far, to prepare a real national plan for economic development. We must reaffirm our independence before the IMF and the World Bank.

In order to achieve these goals, the people's government, to be headed by the Popular Alliance, will implement the following measures:

1. Promote a development plan for our national economy.

2. Nationalize foreign trade.

3. Refrain from paying our foreign debt except for very exceptional cases, but never exceeding 10 percent of the total foreign exchange obtained from exports.

4. Struggle at the United Nations and other international forums and with all the means available for the establishment of a new international economic order.

Better Living Conditions for the People

The first measures of the Popular Alliance's government will be immediately aimed at raising the people's standard of living. This is our response to the impoverishment provoked by the crisis generated by the PLN and PUSC. In order to achieve this, we will implement the following measures:

1. Decree an immediate general wage increase.

2. Freeze the prices of staple goods, as well as water, light, telephone, and transportation tariffs.

3. Immediately create thousands of jobs to curb unemployment.

4. Create a subsidy for the unemployed.

5. Develop a popular housing plan.

6. Establish a health system that will adequately cover the population's needs.

7. Guarantee free public education at all levels.

8. Reform the tax system in order to make it more just.

9. Through the state guarantee the proper use of foreign exchange, particularly of dollars obtained from exports.

Higher Standard of Living in Rural Areas

Injustice and misery prevail in our rural areas. According to official figures, the income of 85 percent of the peasant families is lower than that needed for staples and a normal life. Landless peasants are the best example of this injustice. A few landlords, such as United Brands, Bandeco, and Standard Fruit Company, have monopolized the best lands. When these landless peasants seek to cultivate a land tract they are generally and brutally repressed by the police. These injustices can be corrected only through true agrarian reform, and this can only be realized with a Popular Alliance government.

Defense and Expansion of Democratic Rights

In recent times, important democratic rights of Costa Ricans have been seriously curtailed, particularly the workers' right to organize and express their demands. Simultaneously, there has been a marked trend toward the militarization of repression against the people. The reactionary concept of "national security" has prevailed in many activities by police organizations, particularly the Public Security Ministry. To top it off, many outrages are also committed in the judicial branch.

A government of the people is necessary to guarantee the people's democratic rights. A Popular Alliance government will promote legislative amendments that will guarantee respect for the human rights of the people.

The Rights of the Family

It is not enough to say that the family is the basis of our society. It is necessary to create conditions for the family to grow and develop in an atmosphere that will foster the spiritual and physical development of human beings. This goal can only be reached based on true social justice -- that is, based on a just distribution of wealth.

The state and the people's organization must give special protection to children, mothers, the elderly, and the ill.

Defense of Natural Resources and the Natural Environment

Our natural wealth must be carefully guarded. As is public knowledge, the main enemies of poor countries' natural resources are the foreign monopolies that exploit them in order to obtain high profits. The local entrepreneurs do the same. The Costa Rican Government must pass the necessary legislation and adopt strict measures to defend our forests, soil, and rivers, as well as the resources of the sea and minerals. We must also defend our natural environment, which means defending life on earth.

An International Policy of Peace and Respect for all Peoples

In this era, the main problem afflicting mankind is securing peace and eradicating the threat of a nuclear war that could wipe mankind from the earth.

In order to achieve peace, it is necessary to end the arms race and enforce the principle of nonintervention by any country in the internal affairs of another state. It is necessary to respect the self-determination of peoples -- that is, their right to have the government that best suits their interests without any foreign intervention. These principles are constantly being violated in Central America. In complicity with other Central American governments, the United States maintains a war of aggression against Nicaragua, using Honduras and our own country as a base for this mercenary intervention.

In spite of having proclaimed neutrality, the truth is that President Monge's administration has allowed mercenary bands to operate from our territory against Nicaragua. This must definitely come to an end.

In order to help preserve world peace and defend Central America from intervention and war, the Popular Alliance government will develop an international policy based on the following principles:

1. The government will relentlessly seek peace, understanding, and respect among nations. Each nation will be free to exercise its right to self-determination. In case of conflict, we will seek solutions through negotiation and dialogue. We will support the efforts of the Contadora and Lima groups and any other effort that seeks peace in Central America and opposes the intervention of the U.S. military forces in this region.

2. Our country will participate as a full member of the Nonaligned Movement. In this manner, we will express our determination not to involve our country in any military bloc. At the same time, this decision will allow us to join efforts with other countries to achieve a common front for nonpayment of the foreign debt and for establishment of a new international economic order.

3. We will support all people fighting for liberation and independence. We will reject all plans for foreign domination or intervention. We will speak out for the independence of Puerto Rico and the complete decolonization of all the Americas and other continents of the Third World.

4. We will fully support the principle of nonintervention and will not allow our soil to be used to attack other countries. We will turn Costa Rica into a truly neutral state.

EL SALVADOR

DUARTE ANNOUNCES ECONOMIC AUSTERITY MEASURES

PA221528 San Salvador Radio Cadena YSU in Spanish 0402 GMT 22 Jan 86

[Speech to the nation by President Jose Napoleon Duarte on 21 January -- live or recorded]

[Text] Good evening. I address you tonight to say that for the past 25 years I have worked and struggled to serve the people, the humble, and the poor to attempt to find solutions to all of the country's problems. When I entered the presidential race and presented my government platform to you I was always sincere; I always sought to offer realistic solutions, and promised you that if I became president I would make every effort to face each and every one of the nation's problems. I said my administration would govern and make decisions, and that it would serve the people, the political cost of its actions notwithstanding.

It is my duty today to discuss economic problems. I will be frank and honest.

I ask the Salvadoran people to attempt to understand this economic crisis phenomenon and to assist me because I cannot deal with it alone. However, we can resolve these problems by working together and thus perform the miracle of bringing about a recovery of the Salvadoran economy. Allow me to begin by reading a written message. I will then explain all of the charts you see here so you may be aware of how this administration adopts major decisions that affect the country.

The economic, social, and political model our country has lived under has been ineffective in finding solutions to the Salvadoran people's basic problems. Structural reforms that constitute the foundation of El Salvador's democratic revolution were initiated to change this model and make it responsive to the people's will. The reforms touched all of the country's fields of endeavor: the social, political, foreign affairs, military, and economic spheres. In the social sphere we have given attention to priority needs, including preventive health, attention to displaced people, the promotion of social organization, training, education, and participation. As our efforts advance, we come closer to the attainment of our established goal. In the political sphere, we have geared our efforts toward the establishment of a democratic society by addressing the most important matters, including the establishment of constitutional rule, the legitimacy of political parties, pluralism, the holding of free elections, respect for human rights, freedom of expression, and the implementation of a dialogue. As we advance in our effort to organize these factors we are coming closer and closer to our political goal: a democratic society.

With regard to foreign affairs, El Salvador's democracy has garnered a great deal of prestige in the international community, while the progress it has made in human rights has been widely acknowledged. The negative appreciations have become positive ones and thus brought about the solidarity of the world's democratic governments, increased technical and financial cooperation, recognition for our democratic plans, and international respect and support for our electoral processes. All of these factors -- combined -- have created a new image of the present day El Salvador.

In the military arena several factors have evolved. These include the increased professionalism of our Armed Forces, the professionalization of criminal investigations, civilian society's increased respect for and cooperation with the Armed Forces have become a guarantor of political freedoms and constitutional rights. The organization of these issues has allowed us to advance with a firm step and seize the upper hand in the military realm. We must now seize the upper hand in the economic realm. We must advance toward the goal of a stable and just economic model. In order to do this, we must organize the economy through a program of economic stabilization and reactivation.

The main factors to take into consideration are: revenue, production, taxes, and the monetary, credit, and exchange factors. The program of economic stabilization and reactivation requires planning these factors in line with the interests of the majority of the people. A true economic reform is necessary in order to place the economy at the service of mankind and Salvadoran society, and not against it, as has been done for a long time.

In order to achieve this, my government -- elected by the people -- has decided to adopt the measures that our situation demands without demagoguery and regardless of the political costs, as long as we save the country and establish the bases for a new socioeconomic model that will seek the well-being of all Salvadorans without exception. I am willing to adopt the measures that history demands from me. Only through the conscientious and determined participation of everyone -- workers, peasants, businessman, women, youths, soldiers, professionals -- will we reach our goals. Shoulder-to-shoulder, we will reach the goals of the economic stabilization and reactivation program that I am outlining today in general terms for the Salvadoran people.

It is noteworthy that among the causes of the economic crisis there are: the rigid structures, the drop in the international prices of our basic export products, the heavy costs of national defense against the aggression of terrorism promoted by the USSR through Cuba and Nicaragua, the implacable destruction of our structures and production sources by terrorism, the flight of capital, and the increase in the cost of imports as a result of worldwide inflation. These factors have been eroding the purchasing power of the colon as compared to that of the dollar. This would have gotten out of hand had we not decided to take temporary measures some years ago by establishing a parallel exchange for use only as payment of the foreign debt, the import of articles essential for national production and for covering the urgent needs of the vast majorities.

In addition, we carefully and gradually passed most of the imports over to the parallel market so that only a few articles would be left in the official market. This change has gradually adjusted the parallel market. However, the type of subsidy we have given to those economic activities that remained in the official market is being granted to the imports that remained in that market, until we have reached a point where if this continues it will distort the national economy and result in uncontrollable devaluations, as has been the case in many Latin American countries.

In the process of economic improvement, we have decided to pass those few articles still ruled by the official exchange to the parallel market, thus stabilizing the colon to a single exchange rate of 5 colones to the dollar. Does this mean that we are now devaluating the colon? Not at all. The colon has been devaluating itself for several years now. On the contrary, with this new exchange rate and with the other measures we have adopted to correct the distortions of our economy, we Salvadorans are admitting this fact while simultaneously halting uncontrolled devaluation. An uncontrollable devaluation is something to fear. We must work hard to prevent this from happening. This is the most important measure of a political willingness, a willingness that all Salvadorans must adopt.

Likewise, we must understand that we must fight against the dollar black market. The difference between the exchange rate of 5 colones to the dollar and 4.90 colones to the dollar, which was the rate on the parallel market, is merely 2 percent. The articles that were still under the official market were petroleum and its by-products, medicines, raw materials for production, and the import of basic foodstuffs. Fuel is the one article that affects almost all productive activities and social services. However, the new fuel prices will have very little influence on the cost of transportation.

On the other hand, and in order to protect Salvadorans with lower incomes who use collective transportation means requiring diesel, this fuel will be subsidized by the government of the Republic, which means city bus fares will be increased from 25 centavos to 30 centavos. In approximately 2 to 3 months we will probably increase this by another 5 centavos. I repeat: Bus fares will only increase from 25 centavos to 30 centavos, that is, only by 5 centavos. When the people elected me, they assigned me the main responsibility of serving the interests of the majorities. Since these majorities might be affected by articles that are part of basic family needs, the government has decided to control the price of basic products.

How will we control them? Through the use of mechanisms ranging from adequate supply, subsidies, and the combatting of speculation to the patriotic cooperation of people, institutions, and organized consumers. With regard to this last group, I am pleased to make public recognition of the country's poultry industry, which has been the first to voluntarily make a commitment to freeze the price of its products for 6 months, absorbing the cost and thus obviously reducing its profit margins. I congratulate you, gentlemen of the Salvadoran poultry industry, and I thank you on behalf of the Salvadoran people.

Rest assured that you will have the government's support in this social task you have taken on. I am equally honored to recognize the ladies at the public markets, who have promised to freeze the price of meat. The state will implement measures allowing them to purchase cattle on the hoof at reasonable prices. Ladies: I was certain I could count on you. Thank you for your effort. You can count on the government because together we will help the people.

The IRA [Supply Regulation Institute] will be reactivated in order to improve its performance with regard to controlling the prices of basic foodstuffs, promoting agricultural production, and protecting consumers, especially those of the lower income sectors. I want to stress that I have spoken with members of all sectors, including farmers, small land tenants, basic grain growers, and cooperative farmers, and told them that they must help me to keep the prices of the current harvest firm, and that they will make more if they refrain from dumping and help me to keep steady prices. All peasants and farmers can count on the government's support. We will meet to outline all the problems the farming sector has. However, right now we need to keep food prices in check to benefit the Salvadoran people. In addition to this, the rental rates of all housing units currently renting for under 750 colones per month has been frozen to benefit the masses. Meanwhile, the rents of those housing units renting for more than 750 colones will be able to increase only 15 percent. The rental rates for office and commercial space will remain ceiling free, except those that house educational institutions. The rents of those will not be allowed to increase.

In summary, the policy with regard to food prices includes seven factors: adequate supply; fair prices that cover costs; reasonable profit margins; price controls; self-regulation; subsidies; and strict application of the law. With regard to the dollar exchange rate, these measures are also part of an overall strategy to fight inflation and protect salary purchasing power. To put it in simpler terms, workers' and peasants' salaries must be protected, and this is the reason for this great effort. I ask the people to support me to keep prices from skyrocketing. These measures are designed to curb inflation, which is a grave problem in El Salvador. However, it is still manageable. We can still perform a miracle. We can still resolve the problem, as long as we undertake this struggle together and immediately. Inflation is particularly catastrophic for the thousands of unemployed. That is why we must reactivate production to generate employment at the same time that we try to control inflation. Our goal is to contain inflation at a rate no higher than 15 percent per year within 3 years. These measures guarantee that those products that are indispensable will not suffer price increases.

In recognition of the sacrifices and efforts made by Salvadoran workers, who have stoically carried part of the weight of the economic crisis for several years, my administration has ordered an across-the-board minimum wage increase for workers in the industrial and agricultural and livestock sector, as well as an increase of government workers' salaries. The presidents of the three branches of government, members of the cabinet, Supreme Court justices, and deputies in the Legislative Assembly will be excluded from this measure. None of us will receive salary increases because all of us will set an example of austerity.

As for the establishment of minimum wages, there will be a substantial increase and we will specifically abide by the constitutional principle of equal pay for equal work by making the salaries of women and men equal in the agricultural field. Until now, the minimum wage for men was higher than the minimum wage paid to women, both in agriculture and in industry. This is unjust, because women and men are all human beings, and therefore we are now correcting an injustice. As of today, the minimum wage for men and women will be the same for the same input, because there will be equal pay for equal work.

There is another serious problem affecting our economy.

That problem is the fiscal deficit resulting from the war, from the subsidy on cotton and sugar due to low international prices, from the subsidies on consumer goods, transportation, and other basic services for the community. How can we solve that deficit? By acquiring more debts or increasing several taxes? Thank God, coffee prices have increased slightly, which somehow improves the critical situation we are enduring, because for over 100 years coffee has been the national product that has provided the entire nation with a living.

As a source of national wealth, coffee does not belong only to the coffee growers, but to all Salvadorans who -- for several generations, in one way or another -- have helped create this wealth. Coffee has helped us in past years to aid cotton and sugar producers, and to protect consumers and those in the lower income bracket. Now, it is a national need and a basic point of justice that part of these unexpected coffee profits should benefit not only the coffee growers, but also all Salvadorans. Therefore, it has been decided to create an additional 15 percent emergency tax for 1 year, provided coffee sells abroad for over $135 a quintal. Bearing in mind estimates that high prices will last 1 or 2 years, it is necessary to take advantage of this situation to promote coffee production.

In view of this, we have used the following parameters: first, the cost per quintal; and second, the international price. During the harvest that is about to end, the cost per quintal fluctuated between 150 and 200 colones. We have used the highest cost, 200 colones, and we are going to pay the coffee grower 400 colones per quintal of premium coffee, when the average selling price is $200 per quintal. In the event that this average is over $200 they will be given a bond that will first serve to pay their debts, and later to cope with the future drop in the price of coffee.

In order to prevent the flow of this money into the market from neutralizing the measures against inflation, and in order to make better use of savings that could be channeled toward productive activities, we are going to increase interest rates. In this manner, the 2 million persons who today have deposited and saved 3 billion colones in the banks will be assured that their money will earn sufficient interest to cover the cost of inflation. That is why we want to assure depositers that we will increase interest rates from 12.5 percent to 15 percent for time deposits, while maintaining 8.5 percent for savings accounts. Of course, checking accounts will continue without earning interest.

A question that immediately arises is: What is going to happen with housing? Once again the government realizes that its duty toward the majority with lower incomes forces it not to increase interest rates on current loans for housing construction costing up to 60,000 colones. Therefore, you, my friend -- as a worker, employee, or middle-class person -- if you have a home worth up to 60,000 colones and have borrowed money, you have nothing to worry about because your interest rates will not increase. Naturally, I am referring to the bank interest rates because the loans of the IVU [Institute of Urban Housing], INPEP [National Institute of Government Employee Pensions], and the Social Fund for Housing, which are state-owned, will continue with their preferential rates.

As for taxes, we are going to be more efficient in collecting them and will increase the number of taxpayers. Those who provide services will be required to pay, at their place of business, a percentage for income taxes just as all salary earners pay in this country. As for the issuance of a corresponding decree, the autonomous institutions, which were previously exempt from all tax payments, will now begin to pay taxes.

The dollars the country may have will be used according to a very strict order of priorities. First, the important things, such as food, medicine, raw materials, petroleum, equipment, machinery, and supplies necessary for agricultural and industrial production.

On the other hand, in order to encourage production and uphold austerity measures concerning imports, as of now it is prohibited to import automobiles and some luxury items produced outside the Central American region for 1 year. Newspapers will publish the list of products that will be banned for this year. I hope this will reduce the import of products, that these measures will be beneficial, and that we will soon be able to eliminate them -- which is what I would like to do. However, for the time being we must adopt the austerity measures and tighten our belts a bit.

Therefore, we will prohibit the import of some products for 1 year. At the same time, we will increase the import duties on those products when the prohibition ends.

We must take energetic measures to control prices and prevent smuggling. In this task we count on the Armed Forces, the security forces, organized sectors of the people such as cooperatives and unions, and associations and patriotic people such as the Poultry Association and the market women. Prices should not go up. We must all work to halt inflation. We must all work so that there will be money for investments, reactivation of the economy, and the creation of jobs. That is why I ask all Salvadorans to help me be watchful so that prices will not go up and so that the cost of living will not increase. Any increase in prices should be reported. Of course, there will be a campaign to tell all Salvadorans how we can help prevent such uncontrolled price increases, increases that could do great harm to the country and create unstoppable inflation.

Therefore, these results depend on the joint effort, shoulder-to-shoulder, of all Salvadorans because if there is speculation, if there is a black market, if there are merchants who are not satisifed with a just profit, and if the workers demand excessive wage increases that are not in accord with the country's economic situation and thus prevent the creation of thousands of jobs for unemployed workers, a race between prices and wages will begin that will prevent us from stopping inflation. That would be sad for all Salvadorans. Workers understand this. They understand what I am asking from them. I am asking them to help me stop inflation, to help me so that industry, commerce, and services will produce jobs; so that those who are now unemployed can earn a living; and so together we can produce more wealth, with all of us thus winning, including those who currently do not earn a cent.

All these measures constitute a step that the Salvadorans must take so we can begin our development plan, which we have named the Road to Peace. I have full confidence in my people. I know that I can count on each and every Salvadoran of goodwill. I know that in all of the decisive moments of our homeland, such as the current times, we have been together. We are going to win the economic battle. United, shoulder-to-shoulder, we will move ahead to begin a rapid process of economic development and social justice. Salvadoran people: This is the end of my official written message. I will now explain in detail the prices that I have been talking about in in general terms. Here behind me you can see the charts I will use to show you the prices and costs that will now be in effect.

Salvadorans: The general objectives of the program are economic stabilization and reactivation. That is why we need to achieve these objectives: increases in production and jobs, achievement of a positive balance of payments and stability of the colon, a drop in inflation, the protection of income, reduction of the fiscal deficit, a balance in the current account, and finally, a national agreement [concertacion nacional].

To achieve these objectives we have established a number of policies that I have already mentioned. Let us look at the income policy. For all Salvadorans the income policy first includes wages. To date, the minimum wage for peasants has been approximately 4.50 colones. Today it is going to be increased to 8 colones.

This is equivalent to a 40-percent wage increase for all peasants. The minimum wage in the cities was set at 13 colones. It is now going to be increased to 15 colones. I must remind you that for the peasants and workers it no longer matters whether they are men or women. Both are going to earn the same. Peasant men and women are going to earn 8 colones. Male and female workers in the cities are going to earn 15 colones. Outside the city of San Salvador they are going to earn 14 colones.

Regarding the government workers, you must remember that in December I said that beginning in January I would increase their wages by 100 colones.

I have done my calculations and I feel that it is fair to change that decision to one that is better for public employees. Beginning in January, instead of receiving a 100-colones raise these employees will receive 50 colones more -- that is, they will receive a 150-colones per month raise beginning in January. All of this will be done for workers earning up to 1,500 colones. This also includes temporary workers. It is a matter of doing justice. Consequently, public employees earning from 1,500 to 3,500 colones will receive a 150-colones per month raise. Only the cabinet members, the presidents of the Republic, the Assembly, and the Supreme Court, the magistrates, and the deputies will not receive raises this year.

The second point concerning salaries is that they will also be increased in the private sector. Effective right now, I ask the employers and workers throughout the country to sit down and discuss adequate solutions. I ask all of them to work for a raise for all employees that will range between 10 and 15 percent. I am certain that employers will respond gladly. I know that they will not need strikes or pressures. The workers know that I am helping the country's workers obtain a raise. Have faith, workers, because this government and the private sector will respond, and there will be a salary increase to help you pull out of the difficult situation you are in. I have faith in God. I have faith in the workers. I have faith in the private sector. I trust that we will pull out of the situation together and that this increase will become a reality.

In addition to increasing salaries, I need to protect the basic market basket. There is a certain quantity of products in the basic market basket and soon I will be discussing this with you product-by-product.

However, the third point, which I have already referred to in my speech, is the interest on housing. The current interest at the banks for up to 40,000 colones is 15 percent. It will remain the same. From 40,000 to 60,000 colones, the interest rate is 17 percent. It will remain the same. However, this is for those who have already bought a house and acquired the obligation. Of course, those who have mortgages with the INPEP, the IVU, and the Social Fund for Housing have special interest rates that range from 4 to 11 percent. These rates will also remain the same to strengthen the workers' cost of living.

Regarding housing, to those workers who live in boarding houses and small rooms, to those of you middle-class people and employees who live in small houses, we tell you that the government wants to freeze rent charges for up to 750 colones so that you won't suffer. Help me. If someone wants to raise these rent charges, let me know. I will fight so that it won't happen.

The next point is public transportation. In this regard, I want to give you this information. I don't know if it is in the other charts. If it isn't, I will give you this information right now. You were told that transportation fares would be 50 and 75 centavos. That was a lie. That was done to create a climate of tension and speculation. You were told so many lies that now that you are seeing the truth of things, you are realizing that this government was working for the people, and you will not be deceived.

Price control and regulation; the IRA [Supply Regulation Institute] and self-regulation; the common effort of producers, the IRA, and the government, and the effort of the consumers, who will not let themselves be deceived, will ensure that prices remain at their normal levels. In addition to all this, subsidies will help too, as they are necessary. Here you have the prices of the basic market basket. Here you have the column of current prices and there is the column for approved prices. Corn, which is now 31.50 per quintal, will still cost 31.50. The price of beans is now 60 centavos at the IRA. There is a scarcity, but we are importing 250,000 quintals of beans in order to give consumers a pound of beans at 60 centavos without increasing the price. I also hope that the peasants and I will be able to sit down to discuss how we are going to plant beans in order for production to surpass 1 million quintals so we will not have this problem next year.

The price of rice will remain at 55 centavos per pound. Processed corn [maizillo] will remain at 24 colones per quintal. IRA milk will be kept at 24 colones per 5-lb can. Vegetable oil was 11.85 per sealed bottle. Now there will be a small increase, it will now cost 12.15. As you can see, the difference is not much because I am trying to protect the basic market basket and workers' salaries. Regarding the price of lard, it will remain at 80 centavos per 215-gram package. The price of margarine will go up a bit, from 3.25 per pound to 3.40. As you can see, this is practically nothing.

Thanks to farmers, the price of eggs will remain at 30 centavos each. Chicken will remain at 2.90. We have helped you. We loaned you 25 million colones so you could buy all the corn you needed to feed your chickens so the price of chicken and eggs does not go up.

Regarding the price of beef, we are counting on the ladies at the market. We talked with them and they said that if we guarantee the price of cattle at the slaughter house of San Salvador at 2.15 colones per pound for cattle on the hoof, they will guarantee that prices will remain the same. Prices then will be eight colones per pound for sirloin, and six colones for round and chuck steaks.

The price of salt will remain at 20 centavos. The price of brown sugar will remain at 50 centavos and white sugar will be sold at 65 centavos. To guarantee the price of bread and pasta we have tried to keep the price of flour the same. The price of soft flour [harina suave] will remain at 47.25 per quintal, and the price of strong flour [harina fuerte] will remain at 48.75 without a change in prices so that the price of bread will not change. If we guarantee the price of eggs, flour, and lard, the price of bread should not go up.

Maintaining the prices of those products that are controlled, such as pasta, milk, baby food, soups, soaps, detergents, shampoos, toothpaste, toilet paper, sanitary napkins, shoes, clothes, etc...[changes thought]. If all these prices that are frozen remain frozen this will guarantee that the salary increase we are making will serve to improve the conditions of the country's workers.

In addition, dear friends, I want to tell you that I have already mentioned the basic services. I have talked about rent charges.

I will repeat what I said about public transportation. The bus fare for San Salvador will be 30 centavos. We will increase that to 35 centavos within approximately 3 months. However, this is with regard to city-to-city fares. The fares for trips between departments will increase 20 percent over the current rates. For example: Suppose a bus ticket from San Salvador to La Libertad currently costs 1 colon. That means that tomorrow it will cost 1 colon plus 20 percent, that is, 20 centavos more, for a total of 1.20 colones. The fares will be published in the newspapers, with the new fares alongside the current ones.

With regard to schools, the fees of all schools, both private and public, are declared frozen. Also, the Education Ministry will publish the list of school supplies students must take to class. No teacher or principal will ask students to bring anything that is not on that list. Before, students had to take 20 notebooks, x number of pencils, a school uniform in this or that color, special shoes, and in the end, poor Mom, or the poor worker, had to spend 300, 400, or even 500 colones on each of his or her children's supplies. Students no longer need to buy uniforms. If parents want to buy uniforms and agree on this, they may, but uniforms will not be compulsory. In addition to that, children will not have to haul a huge bag of books to school, but only those which are strictly necessary and which the ministry will list. This will protect parents from the economic burden they must always face at the beginning of the school year, when they have to spend all that money. We will try to keep those expenses to a minimum.

We will also help freeze doctor and dentist fees. Those that are currently in force will continue in effect until 28 February. New controls and rates for those services are being examined. With regard to utilities, I already said the current ones will stand. No changes will be made in this area.

Now we will address the problem of oil and fuel prices. As an illustration, allow me to indicate that we are currently spending $150 million on oil. This is equal to 750 million colones on crude. This includes a wide range of oil products that the country consumes. Some products, however, are more sensitive to price variations than others. Diesel is one of those.

We must subsidize diesel to keep the price of mass transportation low. Some years ago diesel cost 1.30 colones. Now the price will be 1.70 colones. This means that the government will subsidize diesel for a total of more than 5 colones per gallon, or the difference between 1.70 and 6.95. A total of 568,000 42-gallon barrels of diesel are being consumed per year. This implies a large government subsidy for diesel for mass transportation. The expense is worthwhile because it is spent to serve the poor and humble people who ride buses. That is why we are making this effort.

We are also subsidizing liquid gas and kerosene because these are the products homemakers use for cooking. Liquid gas is currently at 3.33 colones per gallon. It will be increased to 3.50. Homemakers must be aware that this small increase will not hurt their budgets. Kerosene will increase from 3.94 to 5.70. This is a relatively small increase. Let us look at fuel prices. Excluding subsidies, the price of fuel is as follows: The current price for high octane gasoline is 6.41 colones. As of tomorrow it will cost 9.70 colones. Regular gasoline, which is currently at 6.23, will increase to 8.90. I urge you to use regular instead of high-octane gas. Too much high-octane gas is being used: 855,000 barrels per year. Meanwhile, only 285,000 gallons of regular gas are being consumed. We are squandering money on gasoline.

Regarding jet fuel, in El Salvador jet fuel was being sold cheaper than in any other place in Central America, cheaper even than in Miami. We have brought the price nearly to a par with its rate in other places. Therefore, we will no longer subsidize LACSA [Costa Rican Airlines, Inc.], TACA [Central American Air Transportation], AERONICA [Nicaraguan Airlines] or any other airline company that bought its jet fuel at 3.94. Now it will cost 7.55.

Let's look at the price of diesel fuel. It will increase from 4.25 to 6.95. We are subsidizing this product to cushion the impact of fuel costs on all of the country's transportation. As you can see, we not only subsidize diesel fuel for mass transportation, but also the diesel fuel used by all vehicles and factories.

Fuel oil will go from 1.95 to 3.65 and asphalt, which is a product used only by the government, will go from 2.22 to 5.85. These are the fuel prices effective tomorrow. I will repeat them: super gasoline, 9.70; regular gasoline, 8.90; kerosene for household use, 5.70; airplane fuel, 7.55; diesel for general use, 6.95; fuel oil, 3.65; asphalt, 5.85; propane gas, 3.50; diesel for public transportation, 1.70.

I think this analysis will show you how you were being deceived when you were told that the price of gasoline was going to be 14.65. They were lying. They were deceiving you. They wanted to destabilize the country. You are seeing that in this economic program I am presenting I have tried to protect all Salvadorans so that the prices will not have an impact.

I will repeat that the price for coffee growers will be 400 colones in cash per 500 pounds of standard coffee grain on the basis of a sale price of $200 f.o.b. If the sale price is over $200, for example, and it increases to $250, then the difference will be paid to the coffee growers in bonds of the Salvadoran Central Reserve Bank. These are 2-year bank bonds with a 5.5 percent annual interest rate. They will be for the amount equivalent to the difference between the 400 colones and the higher sale price. Obviously, if the sale price is less than $200, then they will be paid less. The bonds of the Central Reserve Bank can be used to pay debts in the financial system. In other words, they can pay their debts with them and become solvent.

Dear friends, permit me to broach other subjects -- for example, monetary policy, credit policy, foreign exchange policy, fiscal policy, and production policy. For this reason I will go into other details.

Salvadoran people, I have spoken to you for more than 1 hour and I still need to talk about credit policy, fiscal policy, and production policy. I think you must understand that I cannot discuss all the problems at the same time. That is why I will give you a brief summary of these three policies and later on I will discuss them in detail. I will continue to make public appearances to explain each of the measures. The ministers and technicians of the economic team will also be appearing on television and radio stations and will be participating in meetings of sectors and groups of the country so they can explain each of these measures, because we can give much information about them.

Regarding monetary policy, we have decided upon the following: Effective right now, we have unified the exchange rate, setting it at $1 per 5 colones. Second, we are going to attract foreign currency. Third, we will sponsor and propose a law that will guarantee control over the black market, which we have described as a foreign currency crime. This is important in order to guarantee that all the dollars in the country go to the banking system. We will improve the preferential interest rates with a 2.5 percent increase for all savings. This will obviously mean new interest rate tables for borrowers.

We are going to implement a policy of [word indistinct] and deductions, in order to control the currency. We are going to reduce government credits through the Central Reserve Bank in order to streamline fiscal policy. We are going to implement a renegotiation policy. This is important for all those debtors who are insolvent, so they can strengthen their financial situation and so they can have an opportunity to improve their condition. Last -- and this is very important for me because you may recall that one of the points in the political platform I presented during my campaign was that there are two economies, the formal and the informal economy -- we are going to strengthen the entire banking system, the entire credit system, in order to help the informal sector of our economy.

In order to give you an idea of how we have fared this year, I will give you the amounts we have given in credits through the banking system in the agriculture and livestock sector during the period 1984-85, and our estimated expenses for 1986. In general terms, in 1984 the total credits granted was 3.918 billion colones. The total in 1985 was 4.836 billion. And now look at what we are going to do. We are going to invest 5.8 billion colones. In other words, this is a huge increase in our efforts in each sector to strengthen the economy.

We are opening credit lines in order for our country to produce and export goods. Thus, you will see an increase of 30 percent in the agricultural-livestock sector, 25 percent in the industrial-manufacturing sector, 10.5 percent in the construction sector, 25 percent in the trade sector, 3.8 percent in services, and 6.7 percent in other sectors. This is the monetary and credit policy we will pursue to strengthen production in our country.

Regarding fiscal policy, I want to tell you that once we have established the price of coffee, this money will help implement all of the policies we have outlined today. And (?then) we will adopt the following measures: First, nonessential products not included in the Central American tariff sustem will have a selective consumption tax. Second, there will be an additional 15 percent surcharge on coffee, which is going to solve the country's fiscal deficit resulting from all the factors we have talked about, including the war that is costing us so much money.

We are going to issue a new law, a new policy whereby all services, particularly professional services in the country, will pay the corresponding income tax. That means that when a professional renders his services to an enterprise, the enterprise will have to discount the income tax. This will serve to classify new persons or new institutions or enterprises that up to now were not classified. We are also going to have a new policy on the revenue stamp. Here, we are not increasing the tax. What we are doing here, in the first place, is to remove the revenue stamp from food and medicine in order to help the Salvadoran people. In addition, we are reorganizing the entire system to make it easier, more feasible. Thus, we are not adding the revenue stamp.

We are controlling the regulations on exemptions in the executive, legislative, and judiciary branches. We are preparing laws against contraband for the approval of the National Legislative Assembly, which is the protector of the people. These laws also protect against violations of the monetary exchange regulations, and all those things that go against the Salvadoran people. We are going to take actions against contraband. We are going to reward persons reporting smuggled imports with 50 percent of the merchandise value, once it is proven that the merchandise was smuggled, we have seized the merchandise, and have arrested the smuggler. Salvadoran people: This is important. You can all help us control smuggling so there will not be corruption, so there will not be unscrupulous people deceiving the people.

Another law we are proposing is that all autonomous institutions will have to contribute to the treasury. Naturally all of this entails a heavy workload of controls and reductions, and of austerity within the government. You know me, you know I am making a tremendous effort in the government austerity program. That is why I am insisting that in all sectors, in all autonomous entities, in the government offices, in the ministries, there be austerity.

Lastly, we are preparing to modernize the entire tax system. This means we are going to present a law that will change the tax system of the country so we can correct the fiscal problems of our country.

As for the production policy, we must cope with the food problem. We must be self-sufficient in basic grains.

We must produce what we eat, including vegetables, beef, and so forth. We must follow an aggressive policy in the production of medicine. So far, Central America produces 60 percent of the medicine we use, and we must increase that to 80 percent. Otherwise, we are spending to much on medicines.

As for housing, we have an optimistic goal. We want to build 45,000 homes in 3 years. We have available 517 million colones to be used in these 3 years to build 45,000 homes. This means there will be work, work for bricklayers, for carpenters, for laborers, for builders, for industrial workers, for businessmen, for hardware workers, work for everyone. That is why this government's policy is important. That is why it is important to maintain the government's policy. That is why it is important to maintain the policy of traditional products.

That is why we must strengthen our coffee production, and that is why we are paying 400 colones per quintal in this harvest, if we maintain the price of $200.

We must jointly revise the cotton policy. We have been constantly meeting with the cotton growers, trying to solve this problem. We already have an aggressive sugar policy to compensate for the deficit we have from producing gas oil. We already have one plant in operation, and we are going to set up two more government plants and obtain loans for two more private enterprise plants that could join this program.

The program of the sea, for example, must be very aggressive so we can fish for shrimp. We are working on a project for producing shrimp larvae in laboratories so we will be able to produce a larger amount of shrimp, both for fishing and for cultivation.

All these things are the traditional things. However, the most important part of this is the efforts on the nontraditional products. We must take advantage of the Central American Common Market and the internal market. We must adopt several foreign trade policies. I requested of private enterprise, the interested sectors, that we all sit down to plan together this policy of the National Exporters Commission so there will be information, export insurance, lines of credit, and investment insurance. We are also going to revise the foreign banks and foreign investments laws. All of this is for the purpose of strengthening the export process of nontraditional products.

In addition, we must substitute the imported goods [sentence as heard]. We must obtain additional lines of credit, technical assistance, and international support.

Thus, we must prepare a monetary program. We must reach the following goals: increase production and employment, and achieve equilibrium in the balance of payments and the stability of the colon. We must also reduce inflation, protect our revenue, reduce the fiscal deficit, reach a balance in (?all regular accounts), and achieve a national reconciliation.

Salvadorans, national reconciliation means that everything I have said today is a project that does not belong to Napoleon Duarte, the government, or the Christian Democratic Party. This is a national project that together we can carry out. Together, we can reach the goals. Together, we will ensure that the wages of workers, of the humble ones become larger. Together, we can work so that the cost of living will not increase. Together, we can maintain the prices of corn and produce more. Together, we can reduce the costs of petroleum. Together, we can struggle so that our currency will not come crumbling down by the black market. Together, we must struggle so that our fatherland will win the economic battle.

By winning the economic battle, by winning the military battle, by winning the international battle, by winning the social battle, and by winning the political and ideological battle this country will have waged the democratic revolution that I invite all Salvadorans to join. I invite all Salvadorans to fight together, shoulder-to-shoulder, for the progress we all want, the peace we all cherish.

Salvadorans, good night.

HONDURAS

GENERAL LOPEZ DISCUSSES CONTRAS, REFUGEES

PA220436 Tegucigalpa Televisora Hondurena in Spanish 0130 GMT 21 Jan 86

[All questioners in recorded portion unidentified]

[Text] An important meeting will be held on Thursday in Tegucigalpa between the top echelons of our Army and Public Security Forces [FUSEP]. They will analyze the current chaotic situation provoked by the increased wave of crime and the possibilities of creating a joint Armed Forces-FUSEP action to protect the most important cities and control local and foreign criminals who keep our society under constant fear. The meeting was announced by General Walter Lopez Reyes, commander of the Armed Forces, who went to San Pedro Sula during the weekend to attend the inauguration of the first housing project for journalists in that industrial city. The Armed Forces commander answered, with his usual courtesy, the questions asked by various journalists concerning the alleged presence of contras in Honduran territory, the national political situation, and the wave of crime that has arisen in the country and provokes the people's concern.

Following is a report on the questions and answers, sent by Televeision Channel 7 from San Pedro Sula:

[Begin recording, in progress] [Lopez] ...therefore, this will always represent a problem until the internal situation is stabilized.

[Question] General, it is said that the existence of contra camps has prompted the Sandinists' presence in our territory. What can you say about this?

[Lopez] Please repeat the question, I did not hear you.

[Question] It is said that the Sandinists are in our territory because they are looking for the contra camps here.

[Lopez] We can never accept this situation, and we think that this is an unacceptable excuse because it refers to Nicaragua's internal problems. There is also another problem, on the Salvadoran border. The conflict prevailing in El Salvador creates problems for us in the border zone. We have said many times that we do not have enough men to detect every movement. We have a rather small Army, and even though we are currently carrying out more patrols, it is difficult for us to ascertain if they are counterrevolutionary groups or guerrilla forces from El Salvador. Likewise, we are facing a series of negative situations, such as the viewpoints of organizations that exert their influence on either side in one way or another.

[Question] General, refereing to the situation in Olancho, the people say they want nothing to do with the FUSEP after the death of five people there.

What measures will you adopt?

[Lopez] We have discussed the topic, and yesterday afternoon we issued orders to carry out an investigation. However, the commission was not only comprised on FUSEP members...[changes thought] I think that the national news media was also invited to participate so that the people may know what really happened. Once the investigation has concluded and I have received the official report, we will take the necessary measures. We believe that if the FUSEP members are guilty in this specific case, we will do what we have publicly stated: We will strictly enforce the law.

[Question] Are the refugees a threat for our national security, General?

[Lopez] This is definitely a destabilizing factor in our country, because it has been ascertained that many members of the Salvadoran guerrilla groups frequently seek shelter in the refugee camps. We still cannot enforce a complete control of those refugees so this will always represent a problem for the Honduran Government, Armed Forces, and the people themselves. It is difficult to eradicate the problem because the refugees do not come from only one country. We have refugees from three different countries, and they have been distributed to various zones, where they create problems and carry out many actions. Sometimes they even represent a serious threat to our national security.

[Question] Do you think it is advisable to evict them from our country?

[Question] [Another question is asked before Lopez responds] General Walter Lopez, what are you going to do about the contras since the United States has decided to give [as heard] them an additional $50 million to strengthen them and thus exert more pressure on Nicaragua?

[Lopez] You have rightfully said that the United States...[changes thought] Honduras is not giving a cent or lending its territory.

I think you have heard what the constitutional president of the Republic, and even the president-elect, who is currently visiting Washington, have said about this. We want to handle the problem in an overall way and any rebel group in our country... [changes thought] We have to adopt the necessary measures. This is definitely a critical political situation, and we will discuss it in depth -- once the president-elect is officially sworn in -- at the National Security Council; he has already stated this. However, I want to state that the topic has been discussed many times, and you must be clearly aware that we will never lend our territory so that those groups may use it.

[Question] Will you expel them if they are found?

[Lopez] As a matter of fact, this is one of our duties. We must protect our borders, but, we repeat, the problem comes from an internal situation in those countries. It is taken for granted that if the United States says it will send some aid, this aid will be sent to the groups that are within Nicaragua.

[Question] General, referring to the crime wave, you said in other interviews that the corresponding measures would be taken. However, we see that time goes by and the crimes increasing in our country.

[Lopez] Yes. This is a current problem, and we must try to establish the difference between one problem and another. I do not know why we sometimes try to avoid the fact that there is subversion in our country. However, it is still an unarmed subversion.

The tactics and strategies are prepared in advance; consequently, they are availing themselves of the opportunities offered by our democracy. The minute we have a social or political problem, they will come out of hiding and act. Now then, referring to common crimes, we sometimes see that the FUSEP cannot capture all the criminals. However, they are doing everything they can. As a matter of fact, we will have a meeting between the Armed Forces and the FUSEP general staff next Thursday so that we may join efforts and eradicate this social problem.

I still have another important thing to mention: I avail myself of the occasion to urge the Honduran society to avoid the mistake of simply criticizing the FUSEP and Armed Forces, accusing them of being ineffective. We must join efforts to achieve our goals. Likewise, we must enforce the law. We must clearly identify the common crimes so that the proper measures may be enforced; thus, criminals will not be easily released or else they will repeat their crime a few weeks later.

There is another problem, and you will soon see the case brought up at the Supreme Court of Justice, regarding the Costa Ricans. Do not think that what we found in their car was going to be used to celebrate the journalists' day. [laughter] Those were weapons they are passing over to the Salvadoran guerrilla groups. So, you see, we come across pathetic cases like this one. If they are released simply because a country or an organization requests their extradition we would be making a grave mistake. This is where the guerrillas groups, the guerrilla members, the subversives, or the terrorists avail themselves of our democracy and weak laws.[end recording]

PARTIES AGREE ON 'NATIONAL UNITY GOVERNMENT'

PA221616 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 21 Jan 86

[Excerpts] Around midnight last night a very cordial meeting ended between the deputies who belong to the movement of Jose Azcona del Hoyo and those of the People's Liberal Alliance, ALIPO. A meeting that apparently had many unexpected results. This radio station obtained the most important details of this meeting through the man who apparently will soon become president of the National Congress, Carlos Orbin Montoya, one of the most controversial political leaders of the country right now.

Let's hear the most important details of what happened:

[Begin recording] [Orbin Montoya] The Azconists have concluded a meeting during which we made important decisions.

[Unidentified reporter] What decisions?

[Orbin Montoya] The options were to either reach a partriotic agreement with the National Party to form a national unity alliance or to form a weak alliance within the Liberal Party, with the Suazo Cordovist sector. This would be a weak alliance because it would total only 67 duputies, who would not compose a majority, and, besides, no one can guarantee how those deputies could respond.

Since the idea is not to have a one-party minded government but an integrated national unity government, we decided to support the conditions negotiated for the patriotic agreement, which gives the Liberal Party a majority in the legislative branch and gives to the National Party a majority in the judicial branch. Permanent party commissions will present the lists with the names of candidates to their respective officials.

Later there will be a basic agreement that has to do with a new modality in Congress. It will be implemented through permanent commissions. There will also be reforms to electoral laws to implement the agreements reached with the Air Force in May for democratizing the parties. We also discussed giving Azcona freedom to choose his cabinet. The parties will present to the president-elect lists with the names of well-qualified people, and the president will decide on appointing them to his administration team -- in the cabinet, in diplomatic posts, or in autonomous institutions. A more important factor was the decision of the two groups to establish a policy that will bring hope to the Honduran people in favor of safeguarding peace, of maintaining a dialogue with all sectors, and of having an effective and participative democracy.

[Reporter] What is the composition of the Congress [permanent commission], which you will head as president, as we understand it?

[Orbin Montoya] It will be composed of five members of the Azconist Liberal Movement. It is headed by Carlos Orbin Montoya, president; Orlando Gomez Cisneros, first vice president; Jorge Roberto Maradena, third vice president; Oscar Melara Murillo, first secretary; and Armando Rosales Peralta, as first assistant secretary.

It will also be composed of members of the National Party, which will have to appoint two vice presidents -- the second and the fourth vice presidents -- plus one secretary and one assistant secretary.

[Reporter] Is it certain that you will be president of Congress?

[Orbin Montoya] Well, considering the majority we have secured -- 63 National Party and 46 Liberal Party deputies -- we have more than enough votes, but this is not what is really important.

[Reporter] The important thing is you have become deputy?

[Orbin Montoya] No. The important fact here is that a patriotic national agreement was reached.

[Reporter] [Question indistinct]

[Orbin Montoya] There is a new model in Honduras. Negotiations have begun. The agreement is irreversible. This has been a great agreement that I believe will be applauded by Honduras.

[Reporter] Are you ready to negotiate with the Callejists [followers of Rafael Leonardo Callejas, leader of the National Party]?

[Orbin Montoya] The agreement has been negotiated already. The agreement has been approved.

NICARAGUA

ORTEGA VIEWS CARABALLEDA DOCUMENT, SCORES U.S.

PA210443 Managua Radio Sandino in Spanish 1200 GMT 20 Jan 86

[Text] Contadora has spoken clearly to the United States in Caraballeda. The United States must end its meddlesome Central America policy.

Over the weekend, Daniel Ortega Saavedra, president of the Republic and commander of the revolution, made an appeal to the Reagan administration to begin talks with the Sandinist government, from which a peace agreement may emerge. Ortega made the statement at Ciudad Dario on the occasion of the 70th year of the death of Nicaraguan poet Ruben Dario a few minutes after inaugurating the national [word indistinct] marathon.

Ortega recalled that during the recent inauguration of Vinicio Cerezo as Guatemalan president the Central American foreign ministers expressed support for the Contadora document to achieve peace in Central America. The Sandinist leader referred to the document issued by Contadora in Caraballeda, Venezuela, on 12 January, in which the Mexican, Panamanian, Colombian, and Venezuelan Governments urged the United States to [illegible]lks with Nicaragua.

Now listen to the statements made to "Extra" by President Ortega:

[Begin recording] [Ortega; in progress] ...[words indistinct] but here a call is being made directly to the United States to end its terrorist policy against Nicaragua. The United States is being clearly told to stop supporting the mercenary forces [words indistinct]. This is what (they are proposing).

This is a document of intention that proposes such actions as an end to the support of the mercenary forces. Therefore, it proposes an end to the aggression against Nicaragua, the withdrawal of foreign military forces from the region, and an end to the foreign military maneuvers -- that is, talks with Nicaragua...[leaves thought incomplete]

In other words, a very solid and firm Latin American position is being presented. It goes directly to the heart of the problem, namely, the policy of the United States, which is hellbent on attacking Nicaragua and therefore refuses to engage in talks with Nicaragua to find a solution to the problem.

[Unidentified reporter] Has Contadora been reborn through this document?

[Ortega] I do not think Contadora has been dead at any time, because Contadora is needed and will have to exist so long as there are conflicts in Central America.

[Reporter] Why has the document been sent to Cuba in addition to the United States?

[Ortega] Cuba is part of Latin America, and we are acknowledging the fact that Cuba is part of Latin America. This is a reality the United States has tried to ignore.

[Reporter] What does Latin America expect to happen after sending this document to the United States and Cuba?

[Ortega] Well, the most important think in this case is the practical lesson the United States has (?received). This is what is most important. Because so long as the United States does not (?assume) a practical (?attitude); so long as the United States does not make up its mind to hold talks with Nicaragua and to end the aggression, it will be impossible to reach any peace agreement. It will not be possible to make progress toward a peace agreement.

[Reporter] Thank you. [end recording]

BORGE DISCUSSES ATLANTIC COAST POLICIES

PA211442 Managua EL NUEVO DIARIO in Spanish 15 Jan 86 p 2

[Excerpts] Tomas Borge, the sole survivor of the original FSLN founders and member of the FSLN National Directorate, admits with an unusual and frank self-criticism the errors made by the Nicaraguan Government regarding the racial minorities that live on the Atlantic coast. Borge defines the new policy in a dialogue with Marta Harnecker, a well-known reporter on the Marxist doctrine.

Question: One of the greatest self-criticisms that the FSLN has made is related to the Atlantic coast problem. How did this zone become a fertile land for the counter-revolution?

Answer: Experience shows that when a revolutionary movement does not fully assume its people's legitimate demands, it loses ground to the enemy's work. However, I do not think the people's demands are fertile ground for the counterrevolution. The enemy usually presents demands which do not stand up and are sometimes quite showy. The enemy mentions Indians' rights without making a specific commitment. Autonomy is not and cannot be part of its mental schemes. The Atlantic coast represents a particular phenomenon based on a heretofore unknown socio-historical matrix.

The colonial and neocolonial exploitation model on the Atlantic coast included activities in the mining, fisheries, and forestry sectors; a large part of the rubber used during World War II came from the Nicaraguan Atlantic coast. This plundering of the economy changed the ecology and production sectors, the ethnic groups' reproduction, and provoked a selective proletarianization depending on the world market's growth or recession. New human groups -- Creoles or blacks, garifunas or those of the Caribbean -- were brought in as a permanent work force.

An economy with an enclave-like characteristic facilitated the looting of this coast's natural resources and the isolation of the region. The latter was always dominated by foreign powers, with weak representation by the national government. The communities felt a deep mistrust for the central government, which was a historical accomplice in the coastal situation. In sum, the revolution came across a problem that had not been found in any other phase: the ethnic problem.

We initially thought that we could solve it with strategic, costly investments that barely went beyond the intentions and technicolor dreams that predicted results in the medium and long-term. We also exerted great efforts to solve urgent social problems. Without really understanding the deep ethnic problems, we trusted the case to the Miskitos, the Misurasata [Miskito, Sumu, Rama Unity], which was heavily infiltrated by the U.S. Embassy. The organization manipulated the Miskitos' demands and worsened the inter-ethnic conflicts and the confrontation with their religion.

The groups which the revolution sent to the Atlantic coast knew nothing about the specific local and regional situation, and mechanically applied the procedures used on the Pacific coast. The revolution awakened hopes on the Atlantic coast and thus, for the first time, it looked toward Nicaragua.

We promised them a paradise on earth but we had no possibility of fulfilling our promises. To this we must add the bureaucracy and inexperience of a revolution that was in its early stages. The Atlantic coast problems required experienced persons with a great sensibility. It was necessary, above all, to analyze in depth the characteristics of each ethnic group, its relationships, family ties, and customs. It was necessary to properly evaluate the things that do not coincide with our viewpoints and thus appreciate their value.

Question: What is the autonomy that you propose for the Atlantic Coast?

Answer: Since we are revolutionaries and we want the Nicaraguan people's welfare, we analyzed the situation and became aware that we had not handled their demands correctly. This new knowledge led to the autonomy project. It represents an unprecedented revolutionary solution to the three problems which characterize the situation: their hope for peace, their return to the communities, and their autonomy.

When I speak of autonomy I do not only refer to respect for their customs, religion, language, and right to exploit the forests and waters. I also refer to the election of local administrative authorities and a regional assembly; in other words, an advanced autonomy -- the only autonomy that will really allow the ethnic groups to exist in America. All of the ethnic groups will have the same rights, regardless of the size of their population. We will not divide the coast based on the difference between the blacks' Palo de Mayo dance and the Miskitos' banana song. Everything in the region will be included in a single, homogeneous project taking into consideration the characteristics of each sector.

Question: Has this new policy changed these people's attitude toward the revolution?

Answer: I cannot tell you that this has been fully achieved, but there have been some positive changes in the population's viewpoints. They still mistrust the FSLN but believe in the autonomy because they can ascertain it, they have witnessed it, and it is a process that has actually been launched. Their peace, their return, and their autonomy have become a rallying cry for the peoples on the Atlantic coast. We have talked with the groups up in arms through the Interior Ministry and the Sandinist People's Army. I, myself, have talked with them. Recent actions by a Miskito group that opposes peace have been rejected by the communities. The creation of a new Nicaraguan multi-ethnic, multilingual, and multicultural nation will be achieved in due time because the bases have been firmly established by the FSLN, which advocated the Indian people's just demand and was able to understand that the Atlantic Coast's autonomy is necessary for Nicaragua's unity.

Our experience must be studied by the revolutionary movements in Latin America. There are countries with important ethnic minorities that have specific demands, and these must be solved by the revolution. U.S. imperialism is working intensively among these people. Persons linked with the CIA are trying to create -- using religious, cultural, or humanitarian aid fronts -- a strategic reserve to counter the revolutionary movements at a given moment.

BORGE CONCLUDES EL DIA INTERVIEW ON M-19, CHURCH

PA171425 Mexico City EL DIA in Spanish 8 Jan 86 p 14

[Part two of report on interview with Nicaraguan Interior Minister Commander Tomas Borge by newsman Gregorio Selser in Managua]

[Excerpts] [Borge] The note (of the Colombian Foreign Ministry) said that I attended a mass in El Hormiguero neighborhood in which a member of M-19 [19 April Movement] talked and that the M-19 flag was displayed at the church. One must bear in mind that M-19 does not have a representative in Nicaragua and, so far, I have the suspicion that this might have been a provocation. At any rate, I was completely unaware that the individual was going to speak, and of course I had no idea that the flag was going to be there. It is true that the flag was there, but not because any government official had ordered this.

I was attending the mass because it was to commemorate the first anniversary of the death of a very dear friend of mine, of a brother; a death which was very sorrowful for me, the death of Enrique Schmidt. He worked with me at the Interior Ministry, chief of the Managua Police, and later became the leader of the Interior Ministry troops. At the time of his death he was in charge of TELCOR [Nicaraguan Telecommunications and Postal Services]. He had temporarily been appointed chief of the "Pablo Ubeda" troops to help in the organization. Schmidt was very good at organizing things. Schmidt's relatives requested the mass be held at that church, and it was Schmidt's family that invited me to the mass. Thus, I had nothing to do with the statements made by the individual who claimed he was from M-19, and which make me very suspicious now, or with the flag being there...Naturally, since this coincided, more or less, with the date of the tragedy at the Justice Palace...

[Selser] Well, then, I will insist on the religious topic, starting from the issue of Radio Catolica and of the harm one sector of the church hierarchy claims it has caused them on what they call "the deterioration of church-state" relations in Nicaragua. What would be the possibilities of a resolution of such problems?

[Borge] It is true that there is a deterioration, but it is not our fault: it is the responsibility of the sometimes violent attitudes against the revolution and one sector of the church identifying itself with its enemies. There are bishops and prelates that challenge the laws, speak against the laws, particularly against the Patriotic Military Service. Not so long ago, they had planned to hold a demonstration at Las Brisas or Lindavista neighborhoods, in which they were going to burn an effigy dressed in olive green, as a symbol of their opposition to military service. Such challenges always go against the legal norms and are an attitude of open hatred that is voiced from the pulpits against the revolution and its leaders.

We have no objections to living in harmony with the church, and we will gladly welcome any sign we received to that effect, even from those who at one time voiced their very serious disagreements with us, which is the case with Bishop Vega, of the 5th region, who has lately shown evidence of his political realism. We do not have any reason for developing a controversy with the church. We are not opposed to the religious practices or the beliefs of the Nicaraguans, or their festivities. Quite the contrary, we sincerely encourage this in good faith. I do not think they can have any complaints to that effect, unless they act in a dishonest manner.

The problem is different. There is a sector of the church that wants us to do what they want, but not concerning religious matters, which is something we could understand. Rather, their demands are concerning government issues, and that is something else, because we have a state, we have a government that has its own structure and its own outlook of what has to be done, and here we must honor what Jesus Christ said: "Render therefore unto Caesar the things which are Caesar's; and unto God the things that are God's." Is it Manichaeanism to say "here is God and here is the state?" I do not think so. The rules of coexistence mean mutual support in many areas, circulating in both directions.

For example, we have been developing a penitentiary policy, a not so common experience; that is, the jails are now more humane and open, without bars or armed jail guards. The revolution would have appreciated so much if the church would have helped us in this mission to change these men! I myself took the initiative of giving each prisoner a Bible; it was not the church, it was not Obando who purchased them and distributed them. True, he might say, once again, that I did this "for political tactics." Why did I give each prisoner a Bible?

Because, regardless of each one's beliefs, I think the Bible can help them, from the ethical-moral point of view, to improve themselves, and to improve society, in order to make their misfortune seem lighter. The arrogant Obando should use this type of "tactic" more often and for moral and religious purposes. He does not do this. The cardinal engages in politics....

Furthermore, he lost a tremendous historical opportunity to wage the revolution together with us in Nicaragua. We once had the opportunity to carry out a joint project. If we have said that Christianity has always existed here, is this not a commitment that we are making? Why did they not take advantage of that opportunity? Why did they not join us to commit us even more if they thought this was necessary, when it was so easy to involve us in a historical commitment? Instead of that, when the pope came to Managua, instead of contributing so that the religious sentiments of the Nicaraguan people increased, he behaved in an arrogant manner and hardly in a charitable manner. With this, he contributed to religious skepticism. Many youths and adults felt disappointed with the attitude of the pope, who, perhaps without wanting to do so, took sides with his actions in the struggle of class with a sector of social class or traditional force in the country, and he contributed to highlighting this and making this even more clear. His arrogance is similar to the arrogance of Cardinal Obando, but not all bishops are the same as he or are so much involved in political activities.

U.S.-HONDURAN MANEUVERS INCREASING U.S. PRESENCE

PA201925 Managua BARRICADA in Spanish 17 Jan 86 p 7

[By Gabriela Selser]

[Excerpts] On 5 December in Washington, Pentagon spokesmen announced the decision of the United States to cooperate with Honduras in a civilian construction project. This project consists of building a 22 km road in Yoro Department in north central Honduras. However, the announcement revealed the beginning of the 17th U.S. troop maneuvers in that country since 1981.

The "General Terencio Sierra-86" (named after a former Honduran president) military maneuvers to be held in Honduras were established in a pact sealed only 9 days later, on 14 December, between Miguel Lardizabal, Honduras secretary of communications, public works, and transportation, and Colonel Ronny H. Martinez, director of operations and training of the Joint General Staff of the Armed Forces. Secretary Lardizabal's mere presence there conveyed the impression that it was a civilian project allegedly intended to improve the highway system in that mountainous area while at the same time supporting the movement of Honduran troops in the area.

Yoro, a Strategic Region

With the "Cabanas-85" military maneuvers, the United States took the first steps toward the main objective of the current "Terencio Sierra" maneuvers: the beginning of the topographic work, disguised under the name "civil engineering works," to join San Lorenzo and Jocon. These two towns join Cortes, La Ceiba, and Puerto Castilla, three ports that receive huge shipments from the United States. Yoro valley, approximately 200 km from the Nicaraguan border, is the main hydroelectric power source for Honduras because of the Aguan River. It is also a zone well known for its important agricultural wealth.

However, this was not the only reason for the region to be used as the main site for the maneuvers.

The CIA reported that Honduran guerrillas "introduced from Nicaragua" had established their camps in this area. During the "Cabanas-85" maneuvers, the U.S.-Honduran troops unleashed ferocious persecution against the peasants to force them from their land. The troops used the excuse of alleged "counterinsurgency operations" in that area. It was in this same area that Eduardo Mendez Suazo, a Honduran Catholic priest, and many residents of the area were arrested and tortured on 4 January.

Garrote and Caress

The repression unleashed even by Cobra Battalion troops brought about serious charges at the international level. This reaction forced Washington to implement a civic action plan for the rural residents. U.S. doctors, permanently stationed at the U.S. Southern Command in Panama, were immediately sent to Yoro Department. They attempted to erase the memory of the massacre with used clothes, basic medicine, and Yankee canned goods. The road built over the blood of the Yoro peasants, from Jocon to San Lorenzo, will now be extended during the "Terencio Sierra" maneuvers toward the towns of Puente Grande and Puente Chica, 22 km toward the southwest. The objective? To have a road that will facilitate the mobilization of troops that land in Puerto Castilla or La Ceiba into the interior of the country, toward Tegucigalpa. Military reports that made their way to the press in the United States indicate that these new exercises will include various phases and that they are scheduled to end in May.

A "Big Bear" for the Marines

Each phase of the maneuvers that officially began on 1 January will last approximately 20 days. At least 900 U.S. troops will be rotated during the 12 phases of the maneuvers, while the members of the Army Corps of Engineers will participate in them on a permanent basis. Other troops will also participate, but the Honduran Army has eluded questions as to their involvement in the drills.

The first phase of the "General Terencio Sierra-86" maneuvers, the same report indicates, includes plans to build a military base in the Yoro mountains. This will be used as a camp to house the "combat engineers," (U.S. Marines) and store all the machinery and heavy construction equipment used in the exercises. The name of this camp is "Big Bear." [preceding words in English with vernacular following within parentheses] It will be directly controlled by the "Bravo" task force under the command of the Yankee military officer William Commee. The base will include part of the 15 manzanas included in the center of the war games operations area.

The subsequent phases include the continuation of the construction of the 22 km of road to Jocon, Puente Grande, and Puente Chica. This road will allow the rapid deployment of U.S. troops in Honduras as it will in fact serve as a "military emergency route " that will be a link in the event of an interventionist landing. It will allow the training of Honduran troops and the acclimatization -- as in previous maneuvers -- of the U.S. troops in the area, both geographically and socially. The United States will in addition be able to demonstrate various techniques for military combat engineering, implement their plans for logistical supplies, and even test the installation of a communications system that will guarantee the effectiveness of rapid actions in the area.

When the "Cabanas-85" maneuvers began, both U.S. and Honduran officials made special efforts to stress that they were only a civilian project to build roads in the area. However, in their final phase the exercises included landings by airborne troops and paratrooper drills, as well as shooting drills by the Honduran Air Force.

How can the possibility that the "General Terencio Sierra" maneuvers will end in the same way be ruled out? Why not think that most of the military cargo unloaded on Honduran piers will be directly turned over to the mercenary forces directed by the CIA in that country?

Military Escalation Increases

If the previous maneuvers established a training center for Honduran battalions and created the 15th Infantry Battalion that was later stationed in Puerto Castilla, could one not think that this military center will be improved now to serve as a mountain military training center where a new Honduran infantry brigade will be stationed. If this is the case, this new military base will help the Yankee Army mobilize in the area. At present the nearest military unit is located in La Ceiba, more than 80 km from there.

In previous maneuvers the Yankee troops have trained for rapid deployment in "enemy territory." Does that mean that now the United States is planning to move from words to action as it did several weeks ago when the U.S. frigate U.S.S. C-3 Sheifield [as published] entered into combat in El Salvador to support government troops against a guerrilla contingent?

The increase in the U.S. military presence in Honduras becomes conspicuously evident with the current exercises. This escalation will take an even greater leap when the U.S. "Kindle Liberty" maneuvers begin in the Panamanian province of Colon on 20 January. These will include the participation during 1 month of more than 1,500 U.S. troops, who will undertake rapid deployment operations to stage a military intervention in Central America.

WHEELOCK ON ECONOMIC LOSSES FROM CONTRA ATTACKS

PA210124 Managua Radio Sandino in Spanish 1200 GMT 20 Jan 86

[Text] The counterrevolutionary bands have caused economic losses in excess of 55 million cordobas, but there are not enough data to determine the overall total.

Jaime Wheelock, minister of agricultural-livestock development and agrarian reform, noted that the contras destroyed 120,000 quintals of coffee from the last crop and stole approximately 2,000 head of cattle. The private producers of this sector suffered losses in excess of 200 million cordobas.

Speaking at the convention center in Managua during the annual evaluation assembly, Wheelock said that to this must be added the irreparable loss of human lives, which include those of 12 technicians, 14 laborers, and 53 peasants. In addition, 168 people were wounded and/or kidnapped during the attacks by the mercenary bands.

Because of attacks on the tobacco plantations, Nicaragua lost $3.5 million in exports.

INFLATION 'MOST NOTICEABLE' ECONOMIC PROBLEM

PA181527 San Jose RUMBO CENTROAMERICANO in Spanish 27 Dec-2 Jan 86 pp 18, 19

[Excerpt] RUMBO CENTROAMERICANO has obtained a copy of a report issued by a group of professionals who visited Nicaragua recently.

According to this group, the spiraling inflation affecting the Nicaraguan economy is the most noticeable aspect. According to the conclusions of these investigators, there are reliable figures to estimate the cost of living, despite the fact that the government is reluctant to issue reliable reports and admit that prices increased between 250 and 300 percent in 1985.

Parallel to the inflationary process, Nicaraguan society is facing the migration of people from the rural areas to the cities. The people are fleeing the areas considered as war zones and have created shanty towns that are growing -- a problem with little chance of being solved soon.

In addition to this, there is the problem that most of these people are peasants whose crops are left abandoned, thus further contributing to the scarcity of basic grains and an increase in prices. Furthermore, the peasants cannot adjust to the work of the city and for this reason they increase the number of unemployed people, who make up 25 to 30 percent of the economically active population.

The Banks

The topic of state banks in Nicaragua continues to be controversial. According to the analysis made by these professionals, the objectives of government policy are still not clear.

The commercial interest rate is approximately 30 percent and the banks are giving 15 percent interest on deposits. The income tax for companies remains at 40 percent.

Regarding the parity between the cordoba and the dollar, there is no uniform criterion, and consequently, there are seven different exchange rates on the foreign exchange market.

The official exchange rate used to pay state debts is 10 cordobas per dollar. However the exchange rate for the purchase of raw materials is set at 22.60 per dollar. This latter case is subject to an authorization from the Industry Ministry and the items to be purchased are usually offered by Soviet bloc countries, Argentina, Brazil, Austria, Spain, and Mexico.

There is also the so-called official exchange rate of 28 cordobas per dollar, which is valid for obligations of the government and the diplomatic corps. The exchange rate for essential goods, machinery, and equipment is 40 cordobas per dollar; for students abroad it is 50 per dollar; at the parallel market it even reaches 700 cordobas per dollar; and in the black market it remains at 800 per dollar.

Controls

Regarding production, state control is evident in every vital area. The Industry Ministry decides, at the beginning of each year, what and how much every enterprise must produce. In addition, it establishes consumer prices.

When there is duplication in the production of two or more enterprises, the government suggests the specialization that each one must have so that it can produce substitute goods and not become competition for the others.

Wages

Another source of conflict is the wage scale because the commanders establish top wages for categories defined by the law and this forces employers to look for subterfuges to increase their workers' income.

In addition, because of the inflation and the scarcity of goods, the government authorizes frequent wage increases for the official sector, and this becomes evident in the basic salary of this group, which is currently 28,900 cordobas per month, whereas 2 years ago it was 10,000. Meanwhile, other workers receive proportionate increases. [sentence as published]

In salary negotiations, the Sandinists usually reject benefits proposed by the companies and the unions. The salaries continue to be much lower than the real cost of living. In 1980, the minimum wage was 1,200 cordobas. This year it was 4,500 cordobas. However, the price of milk was one-third of what it is today and the price of beans was one-half of today's cost. It is estimated that an electrical appliance may cost as much as 11 times more than it cost in the past.

ECONOMIC POLICIES FACING RESISTANCE, SHORTAGES

PA152353 San Jose Radio Impacto in Spanish 1830 GMT 14 Jan 86

[Text] Incidents that have taken place in Nicaraguan marketplaces in the past few days have taken a tragic toll, including one government officer shot to death and another who sustained serious knife wounds. As we reported, a person was killed in the Managua East Side Market on Thursday.

Despite the authorities' reticence and the press censorship, it was learned that a 16-year-old youth fired four shots at an inspector from the Ministry of Domestic Trade [Micoin] who was violently trying to confiscate articles from the boy's mother. The incident occurred in the East Side Market in an area where toiletries are sold. Seeing the price inspector's violence against his mother, the 16-year-old youth took out a gun and fired four times at the Micoin official, who died immediately.

In the market in Masaya, a city that is located a few kilometers from Managua, a stall owner stabbed another Micoin inspector who was violently trying to confiscate his merchandise.

The various incidents that are occurring in the markets in Managua and other major cities are a result of the price increase on staple items. The merchants increased prices after the regime announced a salary increase at the beginning of this year. The Sandinist authorities apparently will not allow profiteering, and are taking action against store owners whom they accuse of hoarding articles.

The regime's newspapers indicate that fines in the millions have been imposed and that millions of cordobas in articles have been confiscated. The merchants are angry, and several partial strikes have been staged by merchants who have preferred to close their stalls rather than have their articles confiscated. Logically, articles that are usually hard to obtain have disappeared from the market. Beef is so hard to obtain that restaurant owners in the Managua area are asking clients not to order any dish made of beef.

LA PRENSA NEWSMAN ARRESTED FOR DISTRIBUTING FLYER

PA222225 Managua BARRICADA in Spanish 19 Jan 86 p 8

[Communique issued by the Nicaraguan Interior Ministry, Minint, dated 19 January]

[Text] The Minint reports that Enrique Garcia, journalist of the newspaper LA PRENSA, was arrested by the General Directorate of State Security for violating the law of public order and security because he is involved in the preparation and distribution of a clandestine flyer called PRISMA.

It has been already reported that the flyer was suspended by the Communications Media Directorate because it jeopardized the security of the nation, the country's economy, and the legal authorities.

Issued in the city of Managua on 18 January 1986
Public Relations Directorate, Interior Ministry

BISHOP SEEKS NORMAL RELATIONS WITH GOVERNMENT

PA171532 Managua LA PRENSA in Spanish 15 Jan 86 pp 1, 10

[Excerpts] Msgr Salvador Shlaefer, bishop of Bluefields, today said that a Nicaraguan Episcopal Conference delegation may meet in February with President Daniel Ortega in a new effort to normalize relations between the state and the Catholic Church.

Shlaefer said that this meeting will be part of the Bluefields Archdiocese's program of permanent contact with government sectors implemented throughout the past few years. He added: "The situation on the Atlantic coast is very different from the situation in the Pacific region, and because of this the relationship between the clergy and the government is different."

Shlaefer announced that he has invited Cardinal Miguel Obando y Bravo to visit Puerto Cabezas on 1 March, and that the Sandinist authorities in the area have authorized the visit.

The clergyman, who just concluded a tour of Waslala, Puerto Cabezas, Rosita, and Siuna, said that the majority of the Miskito people want to return to their lands on the banks of Rio Coco, but have faced difficulties. "The Miskitos want to return to Rio Coco, but there are a few exceptions. Those who speak Spanish are opposed," Shlaefer said. He added that of 9,000 Miskitos resettled in Puerto Cabezas and Rosita, approximately half have already returned to Rio Coco.

"The situation is complicated," he added, "because one faction of Miskito, Sumu, Rama, Sandinist Unity [Misurasata] has accepted the government's amnesty, while other factions have not. This is the case with the Organization of Nicaraguan Miskitos [Misatan]."

FOREIGN MINISTER MALMIERCA STILL IN LESOTHO

PA221814 Paris AFP in Spanish 1747 GMT 22 Jan 86

[Text] Johannesburg, 22 Jan (AFP) -- Cuban Foreign Minister Isidoro Malmierca remains confined to his hotel room in Maseru, capital of Lesotho, according to what has been established by AFP. Today, for the third time since he was confined to his hotel room, Malmierca was visited by Soviet Ambassador to Maseru Vladimir Gavrioushkin.

An AFP correspondent was able to establish telephone contact with one of Malmierca's aides, who in a brief conversation in Spanish said laconically: "We have nothing to say." Malmierca arrived in Lesotho last Friday to visit the government of Prime Minister Leabua Jonathan, who was overthrown on Monday by General Justin Lekhanya.

Today the new military authorities invested King Moshoeshoe II of Lesotho with "legislative and executive powers," according to a radio announcement in this small country of 30,000 square km and 1.5 million people.

Reports of Casualties Refuted

PA230347 Paris AFP in Spanish 2038 GMT 22 Jan 86

[Excerpt] New York, 22 Jan (AFP) -- Official Cuban sources at the United Nations today flatly denied there have been any dead or wounded among the Cuban delegation, headed by Foreign Minister Isidoro Malmierca, which is currently staying at a hotel in Maseru, capital of Lesotho. The sources also told AFP that the Cuban mission to the United Nations spoke over the telephone with their fellow countrymen in Maseru today, Wednesday, and that "everyone is well."

This has been the response of official Cuban circles to reports from South Africa that a member of the Cuban delegation, which arrived in Maseru to open a Cuban Embassy there, had been killed in the course of the disturbances that accompanied the overthrow of Prime Minister Leabua Jonathan.

FIDEL CASTRO MEETS WITH JAPANESE DEPUTIES

FL221337 Havana Radio Progreso Network in Spanish 1200 GMT 22 Jan 86

[Text] Last night at the Palace of the Revolution Commander in Chief Fidel Castro met with Japanese Diet Deputy (Yoshio Sakarushi) and deputy (Osamu Inaba), who were accompanied by the Japanese ambassador to Cuba.

During the talks, held in the climate of friendship which characterizes relations between the two countries, various aspects of bilateral relations, the international situation, the world economic crisis, and other matters of interest were discussed.

FIDEL CASTRO VISITS SITE OF HOTEL FIRE

FL221858 Bridgetown CANA in English 1839 GMT 22 Jan 86

[Text] Havana, Jan 22, CANA-REUTER -- Firemen today doused a blaze that raged overnight in the basement of the Havana Libre Hotel and forced evacuation of the luxurious tourist attraction, police said.

No one was hurt in the fire, which burned for 12 hours in the 25-story hotel.

Firemen said the blaze, which sent thick black smoke billowing into surrounding streets, was confined to the basement and garage area. They were investigating the cause. President Fidel Castro briefly visited the hotel two hours after the fire began last night and spoke to police and fire officials.

1 MILLION EXPECTED AT PARTY CONGRESS RALLY

FL180041 Havana Radio Periodico del Aire in Spanish 2230 GMT 17 Jan 86

[Text] Over 1 million Havana residents, representing all the Cuban people, will go to Revolutionary Square on 7 February to participate in the great closing ceremony of the party third congress, which begins at the Havana Palace of Conventions on 4 February.

With the enthusiasm, happiness, organization, and discipline which characterizes our people, workers, members of the federation of Cuban women and Committees for the Defense of the Revolutions, students, each man and woman of the host city will reiterate once more in front of the statue of our national hero, Jose Marti, their unyielding identification with and support for the party and Fidel.

COMMENTARY LINKS STRONG DEFENSE, PCC POLICY

PA222310 Havana International Service in Spanish 0000 GMT 22 Jan 86

["Our America" commentary]

[Text] A revolution is valuable if it knows how to defend itself; that historical principle governs the actions of the Communist Party of Cuba [PCC], which will hold its third congress in early February. The task of elaborating the state's military policy and doctrine to guarantee the country's defense is the driving force for Cuban society advocated by the PCC.

The most recent threats and aggressions from Washington, as well as an analysis of the possible character of Washington's military actions against Cuba through the use of its forces and resources, prompted the party's directorate to conceive a total popular defensive strategy which is: to promote the war of all the people as an effective instrument to resist a militarily more powerful enemy in order to achieve victory over it. This implies that each Cuban citizen, neighborhood, municipality, and province will have established in advance their plans and tasks to wage a fierce and victorious struggle.

The PCC and its First Secretary Fidel Castro were the main promoters of the establishment of territorial troop militias in each corner of the country. In this way, more than 1 million armed men and women were added to the regular forces and their reserves. Zones and defense councils, tasked with the development of a popular war against the invaders, also appeared. The party has at no time neglected the constant renovation of our combat technique and the training of military cadres.

Raul Castro, minister of the Revolutionary Armed Forces, recently pointed out that the progress made in defense in the past 5 years would be simply inconceivable if we did not have a Communist Party with strong roots in the people, with ever increasing experience, and with a solid moral authority. In 1985 it assimilated a good number of new weapons techniques. This constitutes a substantial modernization of the country's defensive potential. The Revolutionary Armed Forces, together with the militias, have upgraded their maneuverability, firepower, and ability to protect their soldiers. They have also shortened preparedness time to give an overwhelming response to the enemy's actions.

The close link between the Armed Forces, territorial troops, militias, and defense zones was evident last August in the "Third Congress of the Party" joint maneuvers held in the eastern part of the island -- the largest ever held in Cuba.

The PCC, as its program specifies, pays attention to and will continue to pay attention to the strengthening of the country's defensive capability. It is aware that the revolution's future greatly depends on its military might and its real possibilities to crush any aggressive attack by imperialism.

BRIEFS

OIL WELL EXPLORATION -- Six oil wells are in the investigative or drilling phase in Pinar Del Rio Province as part of the policy to search for hydrocarbon sources. Those under review, together with others throughout the country, will add knowledge of the gas-petroleum structure and varying labor conditions for developing oil extraction in Cuba. [Text] [Havana International Service in Spanish 1600 GMT 20 Jan 86 PA]

BAHAMAS

WHITFIELD ELECTED DEPUTY LEADER OF FNM

FL171950 Nassau Domestic Service in English 1800 GMT 17 Jan 86

[Text] The successful Wallace Whitfield is now the new deputy leader of the Free National Movement [FNM]. The FMN amended the party's constitution yesterday to create the new position. Mr Whitfield was elected to the position by affirmation. The convention comes to a close tonight. Among the items of the agenda for tonight: the election of officers for the party, and the keynote address to be delivered by the leader of the party, Mr Kendall Isaacs. He will be serving another term as FNM leader. Mr Isaacs was reelected unopposed to that position.

MINISTER SAYS STRIKING TEACHERS NOT TO BE PAID

FL212202 Nassau Domestic Service in English 1800 GMT 21 Jan 86

[Excerpts] President of the Bahamas Union of Teachers (Donald Simonet) says the teachers will continue their work to rule. Mr (Simonet's) statement today came in response to the minister of education's remarks made yesterday. Minister Adderley said as far as he is concerned, the matter regarding pay deductions for teachers who staged demonstrations last year is resolved. Inviting teachers to cause the schools to return to normalcy, Minister Adderley stood firm on his recommendation of deducting the salary of those who withdraw their services.

[Begin recording] The consequences of their withdrawing their teaching services from the classroom is that they thereby cease to perform the primary duty for which they were employed, and I do not propose to change the recommendation that those teachers who whould be paid for the days that they teach and those teachers who refuse to teach be not paid for the days when they refuse to teach.

It has long since become apparent to me that the motivations of some teachers were not entirely, for the most part, education. The school children and the ministry were being used by some union officials and a small minority of teachers as pawns in a political exercise towards the goal of political power sought by some. Everybody is free to seek political power, but I do not accept the proposition that teachers are to be used and students penalized in the process. Neither is it very helpful to good industrial or human relations when the unions consistently make statements which are so inaccurate. [end recording]

BARBADOS

TRADE FIGURES WITH CARICOM, LDC'S DETAILED

FL211754 Bridgetown CANA in English 1659 GMT 21 Jan 86

[Text] Bridgetown, Jan 21, CANA -- Barbados trade deficit with Trinidad and Tobago almost doubled in the first nine months of 1985, according to provisional figures. The government announced limited retaliatory action against selected Trinidad goods yesterday because of that country's import licensing policy, which has severly restricted local imports.

The trade gap widened to 65.9 million dollars in comparison to 34.3 million dollars for January-September 1984, the export promotion corporation reported. Total exports to Port-of-Spain were put at 26.6 million dollars, down from 53.5 million, and imports at 92.5 million dollars, up from 87.8 million dollars. The domestic export component was 22.8 million dollars in comparison to the 48.1 million dollars for the first nine months of 1984.

Commerce Minister Louis Tull told newsmen yesterday that Barbados was withholding licences for certain products from Trinidad and Tobago including meat products, detergents and biscuits. Tull said it was not something Barbados liked doing but there comes a time when we have to look after our interests in a more definite way.

The figures show that Barbados recorded a 12.3 million dollars trade deficit with its Caribbean Common Market (Caricom) trading partners for the period under review. There was a small surplus of 4.8 million dollars last year. The island sold the 12-member grouping 114.5 million dollars worth of goods and imported 126.8 million dollars.

At the end of the nine months period (January to September 1984) imports stood at 117.2 million dollars while exports were put at 122 million dollars. Domestic exports to Caricom decreased by 21.9 million dollars, from 73 million to 51.1 million.

The trade deficit with Jamaica was 15 million dollars. Barbados sold Jamaica 6.9 million dollars and imported 21.9 million dollars. The comparative figures for last year were imports at 16.1 million dollars and exports at 7.5 million dollars.

Domestic export to Guyana increased marginally by one per cent to 1.3 million dollars. Overall exports to Guyana, mainly of re-exports of oil, reached 49.3 million in comparison to 30.9 million last year.

Trade with the rest of Caricom, the seven-member Organisation of Eastern Caribbean states (OECS) and Belize, categorised as LDC's, was up. Overall exports to LDC's were 30 million dollars and imports 7.9 million dollars while in 1984 exports stood at 28.5 million dollars and imports at 8 million dollars. Domestic exports reached 19.9 million dollars in comparison to 15.7 million in 1984.

GRENADA

COURT RULES AGAINST HUMPHREY EXTRADITION

FL211735 Bridgetown CANA in English 1722 GMT 21 Jan 86

[Text] St Georges, Jan 21, CANA -- Grenadian trade unionist Chester Humphrey today won his battle against extradition to the United States to face gun-running charges. All three judges of the Court of Appeal ruled that the trade union leader could not be sent back to the U.S. because a sufficient case had not been made out against him. Two lower courts had upheld the American request.

Humphrey and another Grenada-born naturalized American James Wardally jumped bail in 1980 in the U.S. and returned to their homeland which was then under leftist rule. Wardally has since left Grenada. The two are accused of smuggling arms to Grenada.

HAITI

GOVERNMENT RADIO, PAPER BLAME CHURCH FOR CRISIS

FL171440 Bonaire Trans World Radio in English 1130 GMT 17 Jan 86

[Text] In Haiti, schools remain closed for a 7th straight day yesterday to prevent possible antigovernment protests.

Meanwhile, an editorial in the official government newspaper blamed the church for the crisis in Haiti, and the government-run radio station charged that Haiti's 600 Catholic priests are like a basket of oranges. If one or two are rotten, all will be spoiled. At the same time the government station was broadcasting that charge, the Catholic-operated station Radio Soleil was broadcasting messages from the leaders of several religious denominations who delivered speeches critical of the Haitian Government.

JAMAICA

SEAGA TO PAY OFFICIAL VISIT TO TRINIDAD-TOBAGO

FL202338 Bridgetown CANA in English 2156 GMT 20 Jan 86

[Text] Port-of-Spain, Trinidad, Jan 20, CANA -- Jamaican Prime Minister Edward Seaga will pay an official visit to Trinidad and Tobago from March 1-4, the Ministry of External Affairs said tonight. The ministry said the visit is in return for one made to Jamaica last November by Trinidad and Tobago Prime Minister George Chambers.

TEACHERS RETURN TO WORK; NEGOTIATIONS TO RESUME

FL171700 Bridgetown CANA in English 1651 GMT 17 Jan 86

[Text] Kingston, Jamaica, Jan 17, CANA -- Jamaican teachers who have been taking casual leave since Monday to back demands for an increased pay offer by government, returned to their classrooms today. Since Monday, teachers had taken their leave in rotation, forcing principals at most of the islands nearly 1,000 public schools to send home students.

In response to a statement by Public Service Minister Errol Anderson, the teachers union said yesterday that if government was offering between a 35 and 50 per cent increase on salaries as of April 1, 1985, it would be a reasonable basis on which to continue negotiations.

Meanwhile, hundreds of fifth and sixth form students demonstrated today in front of the Ministry of Education building here in support of the teachers and better education.

ST CHRISTOPHER-NEVIS

SIMMONDS EXPOUNDS ON HUMAN RIGHTS, DEMOCRACY

FL201740 Bridgetown CANA in English 2130 GMT 19 Jan 86

[By Irvine Reid]

[Text] Bridgetown, Barbados, Jan 19, CANA -- St Kitts and Nevis Prime Minister Dr Kennedy Simmonds today urged Caribbean leaders to have an early look at human rights and the free exercise of the democratic process in the region. He made the call at the opening of the ruling Barbados Labour Party's (BLP) 47th annual convention in Bridgetown.

He said the lessons of Grenada, where a Caribbean supported American 1983 invasion toppled a leftist junta in a move that led to the restoration of parliamentary democracy, must not be forgotten. The lessons of Grenada, going back to the roots, must not be lost upon us, he told the convention.

I, for one, must admit to some serious soul-searching about the issue of human rights and free exercise of the democratic process in the Caribbean Community and as a result I have merely reinforced my instinctive, innate belief that preservation of these values is as much a part of our duty as is the situation on international trade. As leaders we need to address these issues together by consultation at the earliest opportunity, Dr Simmonds told the more than 300 party members.

In the meantime, he said, Caribbean leaders must use the tools of democracy -- performance, persuasion and projection -- to offer their people a better quality of life. Our performance must reflect better and more relevant education, improved health care, increased economic activity leading to greater employment, and in general indicate that we are meeting the needs of the society as preceived by the people, he remarked.

He said Caribbean governments must be prepared to project the way forward to give a realistic hope of a brighter future. Let the young see that there are indeed prospects for their development and a better life ahead, he suggested.

He reaffirmed support for the Caribbean Community (Caricom) despite its trade problems. I do earnestly believe that Caribbean economic cooperation can provide all of us in the region with a foundation, a base on which to build more stable and resilient economies. The larger market which the region provides is essential to the growth of every member of the community, Dr Simmonds said.

Talking about the plight of developing countries, the St Kitts and Nevis prime minister said it is painful to be a small independent country in today's hostile world. It is painful when the metropolitan powers who control the world's monetary system dictate the low prices for our primary products like sugar which they buy and on the other hand institute high prices for the machinery and other commodities which they sell.

It is painful when so much of the aid that we need finds its way back into donor country consultants and corporations. It is painful when a country like St Kitts and Nevis, which has lost money on the mainstay of its economy, sugar, for at least the last 15 years, has to fight tooth and nail to convince the World Bank and the International Monetary Fund (IMF) that by virtue of our underdevelopment we should qualify for concessionary assistance from the IDA (International Development Agency).

ST VINCENT-GRENADINES

1985 TOURISM FIGURES SHOW IMPROVEMENT

FL211810 Bridgetown CANA in English 1742 GMT 21 Jan 86

[Text] Kingstown, St Vincent, Jan 21, CANA -- Stay-over visitors to St Vincent and the Grenadines increased by more than 10 per cent last year, a senior official said. Marketing tourism development officer, Michael Peters, said the arrivals between January and November last year rose by 3,102, or 9.2 per cent over the same period in 1984.

Peters said although all the figures for December were not in, indications were that the overall increase would be between 10 and 11 per cent. He said the rise resulted from increased promotion in North America and Europe, and serious attempts to develop the industry locally.

Minister of Tourism John Horne described 1985 as a year of mixed fluctuating fortunes for the industry. He said the most disappointing feature was the fall-off in cruise ship business which dropped by as much as half. He, however, explained that the 58,921 cruise ship visitors who came to St Vincent and the Grenadines during 1984 were due to diversions from Grenada during the 1983 political disturbances there. Last year, 29,143 visitors came to the state on cruise ships.

Horne said we have not done worse than in previous years, though we have done no better. Now that Grenada is on stream again, it is natural that she would get back her full supply of visitors and, hence, the excess that came to us in that period has now fallen away. But he did not rule out severe harassment of visitors in 1985 as a contributing factor to the drop in cruise ship visits.

He said, though, that the situation at the port had improved in the last two months of last year due to efforts of the police department. Horne said the positive side of tourism in 1985 was an encouraging increase in visitors from Europe and efforts to bring back the yachting business -- which deteriorated over the last few years due to high yachting fees, now reduced by government.